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ROME'S FALL RECONSIDERED

THE great Roman writers with whom we are familiar seem to have been quite conscious of Rome's progressive disintegration. The testimony of the eyewitnesses of the process is of course of the utmost importance. Let us hear to what fundamental factors they themselves attributed the decline of their commonwealth.

Probably no handy quotation has pursued us through our school years with such perseverance as Pliny's "*Latifundia perdidere Italiam, jam vero et provincias.*"[1] The elder Pliny was not merely a man of great learning, but a much traveled statesman of large and varied experience. Is it not interesting that he is not presenting us with a catalogue of factors that were leading Rome to its destruction? On the contrary, without any apology he is crisply pointing to one predominating factor, which he names. The large estates, the *latifundia*, were ruining Rome as well as its provinces.

More rhetorical in form, but similar in its meaning, is the arraignment of the vast latifundia and their owners in Seneca's letters.[2] Seneca himself was one of the richest land owners of Rome, but as a statesman he gave warning, in public, of what the wealthy landowners did not care to hear in private. Seneca asks: "How far will you extend the bounds of your possessions? A large tract of land, sufficient heretofore for a whole nation, is scarce wide enough for a single lord."[3] In fact, Cicero had already reported the statement of the tribune Philippus that the

[1] Plin. H. N. xviii, 7.

[2] Seneca, Ep. 89.

[3] *Ibid.*

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entire commonwealth could not muster two thousand property owners.[1] The concentration of landed property must have been amazing.

The latifundia, according to one view, therefore, were the cause of ruin; but there was a more popular version of the decline, namely, *corruptio*, the corruption of morals, the corruption brought by wealth, the corruption brought by poverty, the all-pervading moral corruption of Rome. Livy invites us to follow first the gradual sinking of the national character, later on the more rapid tempo of its downward course until the days are reached when "we cannot bear our diseases nor their remedies."[2] And what great Roman of that period did not complain of corruption? Read Tiberius's famous letter to the Senate, which Tacitus has transmitted to us. The Senate complained of luxury and corruption and called on the emperor for action and Tiberius answered:

> That these abuses are the subject of discussion at every table and the topic of conversation in all private circles, I know quite well. And yet, let a law be made with proper sanctions, and the very men who call for a reform will be the first to make objections. The public peace, they will say, is disturbed; illustrious families are in danger of ruin. . . .[3]

Perhaps the most striking expression[4] of the progressive moral deterioration of the Romans is in Horace's ode "Ad Romanos"[5]: "Quid non damnosa dies imminuit? Aetas parentum pejor avis tulit nos nequiores, mox daturos vitiosiorem progeniem"—What does ruinous time not impair? The age of our parents, more degenerate than that of our grandfathers, made us even more worthless and we will give birth to a still more vicious progeny! Cheerful prospect! But why such a

[1] "Non esse in civitate duo millia hominum qui rem haberent." Cicero, De Officiis ii, 73.

[2] Livius, i.

[3] Tacitus, Ann., iii, 54.

[4] Among the picturesque characterizations of Roman degeneracy Columella deserves a very high place with his "Nam sic juvenum corpora fluxa et resoluta sunt, ut nihil mors mutatura videatur." For so limp and dissolute are bodies of the young men, that death seems to make no change in them! Columella, i, 1.

[5] Horatius, Odae, iii, 6.

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note of despair? What is the cause of this moral corruption and degeneracy of which all Roman writers of the period complain?

In that very same ode Horace tells us why he takes so desperate a view of things. The great deeds of the Romans were the deeds of a sturdy farmer race, of the "mascula proles rusticorum militium, docta versare glebas Sabellis ligonibus" [1]—and these farmers' sons existed no longer. If they could not maintain themselves on their farms, still worse were the chances for a respectable existence in Rome; there they lost what little they had and became demoralized, dependent paupers.[2]

The two complaints, the two Roman explanations of their own decline and disintegration *reduce themselves, therefore, to one single explanation.* For it is clear that the latifundia and corruption are but different aspects of the same social phenomenon. If the moral disintegration was due to the disappearance of the self-supporting, self-respecting farmer class, and the inordinate wealth and fantastic luxury of the small upper class, *the latifundia were but a real-estate expression of the same phenomenon.* The place of innumerable small farms was taken by extraordinarily large estates—the latifundia.

I do not doubt for a moment that the Romans were quite conscious that the latifundia and corruption were but different aspects of the same phenomenon. Take, for instance, Sallust, who states it very clearly in his so-called epistles to Cæsar:

> When the people were gradually deprived of their lands, and idleness and want left them without a place to live on, they began to covet other men's property and to regard their liberty and the interests of their country as objects for sale. Thus the people who had been sovereign and who had governed all nations, became gradually degenerate; and instead of maintaining their common dominion brought upon themselves individual servitude.[3]

We are therefore justified, I believe, in stating that the con-

[1] Horatius, Odae, iii, 6.

[2] Juvenalis, iii, 21 ff.; Martialis, iv, 5.

[3] Sallust, i, 5.

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temporary witnesses of the decline of Rome had but one explanation of its cause; but while some emphasized its moral aspect and others its economic, still others, like Sallust or Pseudo-Sallust, have emphasized the political effect of the economic and moral disintegration of Rome.

The small farms disappeared. Why did they disappear? If we go back again to Roman literature to see just how the small farms disappeared and just how their place was taken by single latifundia, we find little material that may be considered as a direct answer to our question. Such little material as we do find seems to suggest violence. Thus we are told in the Metamorphoses of Apuleius how the rich man after he despoiled his poor neighbor's flocks "resolved to dispossess him of his scanty acres and, inventing a fictitious quarrel over the boundaries of their lands, claimed the whole property for himself."[1] An intimation of similar proceedings is to be found in Sallust's "Jugurthine War":

> The parents and children of the soldiers, meantime, if they chanced to dwell near a powerful neighbor, were driven from their homes. Thus avarice, leagued with power, disturbed, violated and wasted everything without moderation or restraint, disregarding alike reason and religion and rushing headlong, as it were, to its own destruction.[2]

Similar is the meaning of Horace's famous "Ode on Roman Luxury and Avarice:"

> Quid quod usque proximos
> Revellis agri terminos et ultra
> Limites clientorum
> Salis avarus? pellitur paternos
> In sinu ferens deos
> Et uxor et vir sordidosque natos.[3]

These and one or two similar stories[4] are about the only material at hand which bears directly on the wiping-out of

[1] Apuleius, Metam., ix, 35.
[2] Sallust, Jugurt., xli.
[3] Horatius, Od., ii, 18.
[4] Quintilian in his Apes Pauperis, xiii, 4; Seneca, Epist., 90.

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small farms. Shall we therefore reach the conclusion that the innumerable small farms were wiped out by the violence of the few rich? Have we any other material relating to the life of the petty Roman farmer? None of any consequence. That being the case, it would be contrary to common sense to assume that small farming, once spread over the Italian countryside, was wiped out by violence. There is reproof and horror in the quotations cited; the authors are shocked, and we are shocked only by the unusual. Hence, the element of violence is emphasized in the material quoted, because it is exceptional. It takes too deep a mind to follow what is slow and uneventful, to find beauty in the deep ruts of a muddy country road, and treasures in the day-by-day life of the most humble. The story of the plain farmer we can expect to find in neither literature nor history. History as well as literature is a mountain-climbing expedition.

What do we know about Roman farmers that is not legendary in its nature? We know that in the earlier period of the Republic they considered seven jugera as ample for the support of a Roman farmer and his family. That is supposed to have been the size of the allotments after the expulsion of the kings; that was the size of the allotments in the colonies established by Manius Curius after his great conquests. It is he who is credited with the statement that "the man must be looked upon as a dangerous citizen, for whom seven jugera of land are not enough." [1]

Why did the seven-jugera farms disappear? Why was their place taken by the large private domains, the latifundia? That we are dealing here with the fundamental problem of the Roman commonwealth is indicated by all its external struggles. Only glance at the way the problem is formulated by Tiberius Gracchus:

> The wild beasts of Italy had their dens and hiding places, while the men who fought and died in defense of Italy enjoyed, indeed, the air and the light, but nothing else. Houseless and without a spot of ground to

[1] Plin. H. N., xviii, 4. Also Valerius Maximus, lv, 5. Sextus Aurelius Victor (xxxiii) in his account gives 14 jugera as the size of the allotment.

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rest upon, they wander about with their wives and children, while their commanders, with a lie in their mouths, exhort the soldiers in battle to defend their tombs and temples against the enemy, for out of so many Romans not one has a family altar or ancestral tomb, but they fight to maintain the luxury and wealth of others, and they die with the title of lords of the earth without possessing a single clod to call their own.[1]

Unfortunately, about the process of the expropriation of the farmer class, Tiberius Gracchus does not tell us any more than did Sallust or Pseudo-Sallust in his letter to Cæsar; but an interesting clue may be found in the size of the Gracchan allotments: they were to be thirty jugera each. Why not seven? Later on we know that the triumviral assignments were, according to Trentinus, fifty jugera, the assignments of Cæsar the dictator were sixty-six and one-third jugera. In the Augustinian colony, Emerita, we learn from Hyginus, the assignments were four hundred jugera.[2]

How then could seven jugera suffice for the farmers of early Rome? Did not the ancients speculate on the subject? Yes, they did. Pliny discusses this very problem. He is wondering about the productivity of the soil in the olden days and here is what he tells us:

What, then, was the cause of a fertility so remarkable as this? The fact, we have every reason to believe, was that in those days the lands were tilled by the hands of generals, even the soil exulting beneath a ploughshare crowned with wreaths of laurel, and guided by a husbandman graced with triumphs—whether it is that they tended the seed with the same care that they had displayed in the conduct of wars, and manifested the same diligent attention in the management of their fields as they had done in the arrangement of the camp, or whether it is that under the hands of honest men everything prospers the better, from being attended to with scrupulous exactness."[3]

Pliny may have been right in his explanation or he may have been wrong. The important thing is that the simple circum-

[1] Plutarch. Tib. Gracchus, ix.

[2] Mommsen, Zum Römischen Bodenrecht. Historische Schriften, ii, p. 87.

[3] Pliny H. N., xviii, 4.

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stance that a Roman could in former generations make a living on seven jugera distinctly required explanations.

There were other explanations. Is not one offered, for instance, by Lucretius's lines at the end of his second book? What does Lucretius tell us about mother earth in general and his Roman soil in particular?

> Beside she Corn and Wine, and Oil did bear
> And tender fruit, without the tiller's care;
> She brought forth Herbs, which now the feeble soil
> Can scarce afford to all our pain and toil.
> We labor, sweat, and yet by all this strife
> Can scarce get Corn and Wine enough for life.
> Our men, our oxen, groan, and never cease,
> So fast our labors grow, our fruits decrease.
> Nay oft the farmers with a sigh complain,
> That they have labor'd all the year in vain,
> And looking back on former Ages bless
> With anxious thought their Parents' happiness
> . . . . . .
> Content with what the willing soil did yield,
> Though each man then enjoyed a narrower field.[1]

[1] Thomas Creech's translation. London, 1683, p. 68. It is somewhat inaccurate but it seems to me the most poetical translation of Lucretius.

Lucretius Carus, De Rerum Natura, Libri Sex, ii, 1157–1174.

> praeterea nitidas fruges vinetaque laeta
> sponte sua primum mortalibus ipse creavit,
> ipse dedit dulcis fetus et pabula laeta;
> quae nunc vix nostro grandescunt aucta labore,
> conterimusque boves et viris agricolorum,
> conficimus ferrum, vix arvis suppeditati:
> usque adeo parcunt fetus augentque labore.
> iamque caput quassans grandis suspirat arator
> crebrius, incassum manuum cecidisse labores,
> et cum tempora temporibus praesentis confert
> praeteritis, laudat fortunas saepe parentis.
> tristis item vetulae vitis sator atque victae
> temporis incusat nomen, caelumque fatigat,
> et crepat, antiquum genus ut pietate repletum
> perfacile angustis tolerarit finibus aevom,
> cum minor esset agri multo modus ante viritim:
> nec tenet omnia paulatim tabescere et ire
> ad capulum, spatio aetatis defessa vetustæ.

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This statement is of great importance, but only if corroborated by facts. To accept Lucretius's evidence by itself as sufficient and conclusive would be rather hasty. Lucretius as a philosopher is dealing here with the decay of the world, and hence the question naturally suggests itself: Did the actual situation, as he observed it, lead him to such a conclusion, or did his philosophy color his observations?

If the lines cited from Lucretius are a true statement of fact, the economic, and hence also social and political, effects of such conditions were bound to be so disastrous that it would be reasonable for us to expect a fairly general outcry.

A general outcry is of course important historical evidence, but it is not the cause that makes us complain, it is the effect, the situation in which we happen to find ourselves. A meat-market riot is not more concerned with the cause of the high cost of living, than the Roman sumptuary and moral laws were concerned with the cause of the much-complained-of corruption. The effects one can always see; of the effects one constantly hears: but the cause one must find. So it is, so it was; hence Virgil's "Felix qui potuit rerum cognoscere causas."

Nor are we always primarily interested in the true cause. There are situations where one is inclined to search for a life-preserver rather than for the cause of shipwreck. It is therefore wise to remember that the attitude of the impartial onlooker is likely to be quite different from that of the dramatis persona. Goethe indicates this difference:

> Wherein do Gods
> Differ from mortals?
> In that the former
> See endless billows
> Heaving before them;
> *Us* doth the billow
> Lift up and swallow
> So that we perish.

So it happens that the true causes of things are hardly discussed in the markets and meeting-places. It is the future, not the past, that worries politicians. Remedies, not causes, are

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what they are bound to discuss. For life is purposeful, and only to its dissector is it a chain of causes. But Rome was not without dissecting scholars.

Let us therefore go and see how the great agricultural scholars of the time analyzed the situation. Let us read thoughtfully the writings of Columella. He was writing under the Principate, about 60 A. D. How does he begin his work? The preface begins:

I frequently hear the most illustrious men of our country complaining that the sterility of our soil and intemperate weather have now for many ages past been diminishing the productivity of the land. Others give a rational background to their complaints, claiming that the land became tired and exhausted from its productivity in the former ages, and hence the soil is no longer able to furnish sustenance to mortals with its former liberality.[1]

Columella does not agree with such a point of view. He ascribes the lack of productivity to poor farming and hence he gives us instructions how to farm well. But is it not of the utmost significance that he published a voluminous treatise distinctly directed against a prevailing exhaustion-of-the-soil theory? These opening lines of Columella are far from accidental. Furthermore we learn from him a very important thing, and that is, *that nearly all agricultural writers of antiquity* (whose writings are lost to us) *viewed their contemporary agricultural situation as due to the exhaustion of the soil;* or, as they put it, as the result of the soil's old age.

Attention is called to the opening paragraph of Columella's second book, chapter i:

You ask me, Publius Silvinus—and I hasten to reply to you—why I began my former book *by refuting the ancient opinion of nearly all*

[1] J. M. Columellae, De Re Rustica, Lib. i, Ad Pub. Silvinum, Praefatio: "Saepe numero civitatis nostrae principes audio culpantes modo agrorum infoecunditatem, modo caeli per multa jam tempora noxiam frugibus intemperiem: quosdam etiam praedictas querimonias velut ratione certa mitigantes, quod existiment, ubertate nimia prioris aevi defatigatum et effoetum solum mequire pristina benignitate praebere mortalibus alimenta."

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agricultural writers, and by rejecting as false their idea that the soil, worn out by long cultivation and exhausted, is suffering from old age.[1]

Hence we learn that the ideas of Lucretius were not peculiar to him alone, but if we accept the testimony of Columella they were the common conception of nearly all who seriously thought about and scientifically discussed the agricultural affairs of antiquity. If the works to which Columella is referring had survived and had been preserved to us, there would have been little left for us to discuss.

Columella refuted the exhaustion-of-soil conception. Let us see how he did it. We find in his book three arguments. First of all, the Creator has bestowed upon soil perpetual fecundity; hence it is impious to regard the soil as affected with sterility as with a disease. Divine and everlasting youth was allotted to our common parent, mother-earth; hence it is silly to assume that she is ageing like a human being.[2]

His second argument is particularly directed against Tremellius, whose writings (lost to us) he especially esteems. Tremellius is of the opinion that mother-earth has, like a woman, reached that point of her life when sterility takes the place of her former fecundity. To this Columella replies that he would have accepted Tremellius's view had the soil been completely unproductive. But he argues that we do not regard a woman as having reached the barren age, simply because she no longer gives birth to triplets and twins. Furthermore, when a woman has reached that age, the bearing of children cannot be restored to her, while the land, if abandoned for a time, will be found upon the return of the cultivator more fertile.[3]

And, finally, Columella is therefore of the opinion that the soil would never diminish in its productivity if properly taken care of and frequently manured.[4]

[1] *Ibid.*, Lib. ii, 1: "Quaeris ex me, Publi Silvine, quod ego sine cunctatione non recuso docere, cur priore libro veterem opinionem fere omnium, qui de cultu agrorum locuti sunt, a principio confestim repulerim, falsamque sententiam repudaverim consentium longo aevi situ longique jam temporis exercitatione fatigatam et effoetam humum consenuisse."

[2] Columella i, praefatio. [3] Columella, ii, 1. [4] Columella, ii, 1.

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Very sound and sensible was his conclusion, but whether his advice could be followed is another question. What interests us is to ascertain not the state of the theory, but the state of the actual practice. That is the crucial and deciding question. Fortunately Columella answers this question in the third chapter of his third book, where he urges going into vine culture rather than into the cultivation of grain, because in the greater part of Italy no one can recall when grain produced fourfold. "Nam frumenta majore quidem parte Italiae quando cum quarto responderint, vix meminisse possumus."[1] In other words, if it did not produce fourfold, it produced three-fold or two-fold. In what situation would our modern farmers be, if the average productivity of their wheat, corn, barley etc. should be somewhere between four and six bushels an acre, a productivity which would completely assure and enforce the abandonment of farming? But the Romans were in a worse situation. We now plough in a nine or ten hour day about two acres with an average team, even in heavy clay or sod. The Romans ploughed in light soil a jugerum, which is five-eighths of an acre; in heavy soil but half a jugerum. But that is not all; we plough but once; they, for lack of effective harrows, had to plough corn land anywhere from five to nine times. Now one can figure out where the Italian farmer found himself in the days of Columella! The game was up, but what stopped it? Many are the answers. Some tell us it was stopped by constant warfare. But Columella complains that the old Sabine quirites and Roman ancestors, in spite of the fire and sword to which they themselves were subjected, and in spite of the hostile invasion which laid waste their fields, nevertheless laid up greater store of corn than his contemporaries were able to do, although during the long-continued peace they might have improved their agriculture.[2]

When Columella wrote in A. D. 60, Italy certainly was enjoy-

[1] Col., iii, chap. 3.

[2] "Veteres illi Sabini Quirites atavique Romani quamquam inter ferrum et ignes hosticisque incursionibus vastatas fruges largius tamen condidere, quam nos, quibus diuturna permittente pace prolatare licuit rem rusticam." Columella, i, praefatio.

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ing a long protracted peace. Furthermore, one must remember that war as such, even if it should drive the farmers away from the land and keep them from cultivation for years, does not in any way exhaust the soil. For if the soil is not exhausted it will grow over with weeds and bushes, which will prevent the washing-away of the top soil, and when again put under the plough, the farmer will find his soil improved, because of the decayed weeds and other vegetable matter. If, on the other hand, the soil was abandoned when substantially so exhausted that it would not readily cover with weeds, then the top soil would gradually wash off and make its reclaiming difficult and costly.

The writers of the Principate look back to the sturdy past of the days of Cato the Censor. They were mistaken. For even in Cato's day agriculture had already declined in the greater part of Italy. His *Husbandry*, the earliest Roman agricultural book that has come down to us, practically disregards the cultivation of grain crops. His attention is devoted to the cultivation of the vine and olive.

> Cato, when asked what is the most profitable thing in the management of one's estate, answered: "good pasturage." "What is the next best?" "Fairly good pasturage." "What is the third best?" "Bad pasturage." "What is the fourth best?" "Tilling the soil."[1]

Such a statement requires no comment. And as a matter of fact even in Cato's day Italy had to rely upon Sicily as its granary.[2]

Again it has been said that the free distribution and sale of corn at low prices in Rome ruined Roman agriculture. Mommsen takes this attitude in his Roman history, and it is generally accepted—but he is taking the effect for the cause. Importations of corn began when relief had to be given to the

[1] Cicero, De Officiis, ii, 25: ". . . illud est Catonis Senis: a quo cum quaereretur qui maxime in re familiari espediret, respondiret: 'Bene pascere'; quid secundum: 'Satis bene pascere'; quid tertium: 'Male pascere'; quid quartum: 'Arare.'"

[2] Cato called Sicily the nourisher of the Roman people "nutricem plebis Romanae Siciliam nominabat," Cicero, in Verr., ii, 2. Livy called even the single town of Syracuse "Horreum atque aerarium populi Romani." Livius, xxvi, 32.

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growing proletariat of Rome. Mommsen himself, in a later piece of research, admits that one often hears of high prices, and only exceptionally of low prices, of corn, so that as a whole rather too little than too much was produced.[1]

No evidence has come down to us that would indicate difficulties in disposing of grain; all the bitter complaints that we hear are about hardships and difficulties in *raising* grain. Look at Cato. What he thought of tillage we have heard. Yet Plutarch tells us: "As Cato grew more eager to make money he declared that farming was more an amusement than a source of income and preferred investing his money in remunerative undertakings, such as marshes that required draining. . . ."[2]

Here is the story in a nut-shell. An undrained marsh has never been tilled, and therefore never robbed of its fertility. Since one would hardly select low flats for vineyards, which require at least a slope, it is obvious that Cato drained the marshes for purposes of tillage. The initial expenses of drainage are heavy, yet Cato regarded the results as very remunerative, and that, in spite of Sicilian corn on the Roman market. To drain a rich marsh was obviously easier for the Romans than to reclaim large tracts of ordinary exhausted soil.

It is interesting that the lands that were first taken up by Roman cultivators were also, judging from our sources, the first to be exhausted. It was in Latium, where once seven jugera were ample to support a family, that Varro finds an example of notoriously sterile soil. He mentions Pupinia in Latium: "Witness Pupinia, where the foliage is meagre, the vines looked starved, where the scant straw never stools, nor the fig tree blooms, and trees and parched meadows are largely covered with moss."[3]

[1] Mommsen, "Boden und Geldwirtschaft der Römischen Kaiserzeit" in his "Historische Schriften," Bd. ii, p. 504; "Es ist nicht selten von teuren Kornpreisen nur Ausnahmsweise von besonders niedrigen die Rede, so das in Ganzen wohl eher zu wenig als zu viel produciert ward."

[2] Plutarch, Marcus Cato., xxi.

[3] Ut in Pupinia neque arbores prolixas, neque vites feraces, neques stramenta videre crassa possis, neque ficum mariscam, et arbores plerasque, as prata retorrida, et muscosa." Varro, i, 9.

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Two hundred years later Columella no longer singles out Pupinia, but refers to entire Latium as a country where the population would have died of starvation, had it not been for imported grain. So it came to pass

that in that very land in Saturn's own country, where gods taught their children how to till the soil, there at public auction we have to contract for corn imported from provinces beyond the seas, that we may not suffer from starvation, and wine we have to import from the Cyclades, from the regions of Boetica and Gaul.[1]

As the productivity of the soil diminished, and the crops could no longer repay the laborer, then the same process that occurred in England in the 15th and 16th centuries, the turning of arable land into pasturage, began in Italy, about two centuries before Christ. In Rome, too, this process was met by hostile legislation, as was the case in England, but without avail. As in England, so in Rome, it became a matter not of choice but of necessity, although even the thinking heads of both nations refused to admit it at the time, and preferred to ascribe the change to greed and corruption. In England they blamed the poor sheep; in Rome they blamed the attractions of city life. So we hear Varro lamenting:

Our very corn that is to feed us has to be hauled for us from Africa and Sardinia, while our vintages come in ships from the islands of Cos and Chios. And so it happened that those lands which the shepherds who founded the city taught their children to cultivate are now by their descendants converted out of greed from cornfields back into pastures, violating even the law, since they fail to distinguish between agriculture and pasturage, for a shepherd is one thing and a ploughman another.[2]

[1] "Itaque in hoc Latio at Saturnia terra, ubi dii cultus agrorum progeniem suam docuerant, ibi nunc ad hastam locamus, ut nobis ex transmarinis provinciis advehatur frumentum, ne fame laboremus; et vindemias condimus ex insulis Cycladibus ac regionibus Boeticis Gallicisque." Columella, i, praefatio.

[2] ". . . frumentum locamus, qui nobis advehat, qui saturi fiamus ex Africa, et Sardinia; et navibus vindemiam condimus ex insula Coa, et Chia. Itaque in qua terra culturam agri docuerunt pastores progeniem suam, qui condiderunt urbem, ibi contra progenies eorum, propter avaritiam contra leges ex segetibus fecit prata, ignorantes non idem esse agriculturam et pastionem. Alius enim opilio, et arator." Varro, ii, De Re Pecaria, praefatio.

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It seems to me that the progressive exhaustion of Roman soil is, judging by all the sources at our disposal, completely established; but there prevails in literature a diametrically contrary version of the story—that of Rodbertus, who is regarded by economists as their authority. Rodbertus, too, quotes Columella's statement about crops not producing in Italy the fourth grain. He also refers to Varro's statement quoted above, but he explains it all "propter avaritiam." It is through avarice that all good soil was put under pasturage, because cattle-raising paid better. The fact that soil produced next to nothing when cultivated is explained by him thus: only the very poorest soil was under the plow, because wine, oil, and fruits were so much more profitable. The type of production changed, but became by no means worse, and agriculture was certainly not to blame, if Italy was not producing its own grain. "Der Ackerbau selbst war also unschuldig daran, wenn Italien nicht mehr seinen ganzen Getreidebedarf lieferte."[1]

The statement of Rodbertus's can with difficulty be taken seriously. First of all, the Romans not only failed to produce their grain; they failed to produce their vintage as well, in spite of the premium put on Italian wine by prohibiting the planting of vines in Gaul. Secondly, as a farmer, Rodbertus must have realized that if they practiced rotation of crops, which he assumes, the fact that the Romans of Columella's time could not produce a fourth grain would indicate sterility, not of their poorest field, but of all their arable fields. Thirdly, to assume that the Romans would select their very worst fields, not out of necessity but out of choice, that they would be satisfied to plough and work and harvest those fields for a gain of one or two bushels over and above the bushel of seed, is to assume that the Romans had become insane.

The soil of Italy did not get exhausted over night. It was a long process and many were its stages. Besides, exhaustion is a very relative term; not only relative from an agro-technical point of view, but also relative to the physical needs as well as the economic capacities of the owner.

[1] Rodbertus, Zur Geschichte der Agrarischen Entwickelung Roms. Hildebrand's Jahrbücher Bd. ii, 1864, pp. 218–19.

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The expropriation of the Roman peasantry, the concentration of ownership of land in the hands of the few, to which the Romans ascribed the ruin of the Empire, is also a very gradual process and runs parallel with the process of soil exhaustion. Compared with the seven-jugera holdings of the early Republic, the hundred or hundred and fifty acre plantations to which Cato refers are large estates. These "estates" of Cato, which in size correspond to an average American farm, gradually disappear and their place is taken toward the end of the Republic and under the Principate by vast domains measuring thousands and thousands of acres. The process of transformation was slow but constant. If this process was agonizing to the people, it was sapping the very life of Rome as a nation, decreasing its population, undermining its morale and convulsing its political fabric. The beginnings of this process are almost lost in the darkness of Rome's legendary period. For the first violent expression of Roman social life to which we are introduced is the outcry of the indebted and bonded farmer class. In the growing wholesale indebtedness of the Roman farmer some historians have seen the key to Rome's political struggles, but the cause of this indebtedness was either not discerned or was viewed more or less as a mystery. So, for instance, Büchsenschütz tells us that if the origin and character of the debts are veiled for us in darkness, the fact remains that the plebeians were the debtors and the patricians the creditors. The division between rich and poor coincides with the division of the orders, and the struggle of the debtors against the creditors was therefore fought out as a purely political struggle.[1]

There are two kinds of indebtedness: debts for productive purposes and debts for purposes of consumption. If the

[1] "Ist somit die Enstehung und das Wesen dieser Schulden für uns sehr im Dunkel gehüllt, so wird die Sache noch dadurch bedenklicher, dass als Schuldner die Plebejer, als Gläubiger die Patricier erscheinen, der Unterschied von reich und arm genau mit dem Unterschiede der Stände zuzammanfällt und infolge dessender aus der Schuldnot entstandene Zwist zu einem Kampfe der Stände gestaltet und lediglich als solcher ausgefochten wird." B. Büchsenschütz, Bemerkungen uber die Römische Volkswirtschaft der Königszeit (Wissenschaftliche Beilage zum Program des Friedrichs-Werderschen Gymnasiums zu Berlin 1886) p. 34.

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reports of American banks should show a growing extension of credit it would be fair to assume a growing extension of industry, because banks as a rule deal with credit for productive purposes only. If, on the other hand, the report should reach us that the volume of business of our pawnshops had greatly increased, it would indicate that poverty is on the increase, that the incomes of the borrowers are insufficient to meet their ordinary expenses and hence that they are borrowing for purposes of consumption. The wholesale indebtedness of the Roman farmer class obviously suggests indebtedness for purposes of consumption.

If the farmer is borrowing to meet the exigencies of a so-called bad year, his distress is temporary, and he is likely to square himself during the next good year; but if his distress is due to the progressive deterioration of his farm, he will be unable to extricate himself. Such indebtedness is hopeless. The increasing weight of accumulated interest on the loan and the decreasing productivity of the land seal the fate of the landowner. He certainly is not in an economic position to increase his land-holdings to a point where the larger product might supply his wants. Because he does not have enough land, what little he has will be taken from him and be given to him that has both land and economic capacity. In this way a farmer will be driven off the land and the holdings of some one else increased. That is the process of concentration of landed property. If this process should appear as a general phenomenon, as it did in Rome as well as in Greece, it is a factor of momentous social significance.

The entire history of Rome is but a series of illustrations of this story. Steady is the legislation against interest and drastic are the measures against the money lenders, but unchecked is the concentration of landed property even in spite of social resolutions and social wars. Because of this peculiar character of credit in certain historical periods, money lending was not a savory occupation. The gentleman, therefore, who in our industrial and mercantile life is a pillar of society and a respectable financier, is known by a different name under agricultural conditions. His name is *Usurer*. Not that his profits from money-lending are any

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larger, but that he is lending money for purposes of consumption to a man as a rule already economically doomed, while the "banker" is lending money for productive purposes and as a rule to the advantage of the borrower. Hence the different attitude towards the "financier" now and in ages past. Hence Cato, when asked what he thought of money-lending, answered: "What do you think of murder?"

One must not, however, get the idea that all concentration of real property is necessarily due to indebtedness. Just as one is as a rule unwilling to part with a lucrative piece of property, one may be willing and anxious to part with property that is unproductive, and that, even without pressure of debts.

We have pretty illustrations of this in Roman literature. Cicero in his second harangue against P. S. Rullus tells us that Publius Lentulus was sent by the Senate to purchase a private farm in Campania that projected into the public domain, but he was unable to purchase that farm for any money, because its owner could not be induced to part with his most productive parcel of land.[1] Let us read carefully, on the other hand, a most remarkable letter of the younger Pliny to Calvisius Rufus, from whom he is soliciting advice. The younger Pliny is contemplating the increase of his latifundia by adding an enormous neighboring estate, which is offered as a bargain. Here are two extracts from his letter:

I feel tempted to purchase, first, because the conveniences resulting therefrom would be as great as the pleasures it would give me. . . . But the fertility of the land is overtaxed by the lack of capital of the tenants. For the last proprietor was constantly selling their whole stock, and though he reduced the arrears of the tenants for the time, he weakened their efficiency for the future, and as their capital failed them their arrears once more began to mount up. I must therefore set them up again and it will cost the more because I must provide them with honest slaves, for I have no slaves working in chains in my possession, nor has any landowner in that part of the country. Now let me tell you the price at which I think I can purchase the property. It is three million sesterces, though at one time the price was five, but owing to the lack

[1] Cicero, De Lege Agraria, xxx.

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of capital of the tenants and the general badness of the time the rents have fallen off and the price therefore dropped also.[1]

Here we have the typical latifundia of imperial Rome, sublet to tenants. They could not pay their rent; the owner thereupon sold their stock, which did not strengthen their productive and paying capacity. The fertility of the estate is admittedly impaired by this lack of stock and it is offered as a bargain. Is the younger Pliny attracted by it as a money-making proposition? Hardly. But "prædia agris meis vicina atque etiam inserta" and the "pulchritudo iugendi"—the old story of rounding up one's estate, by buying the adjoining one. The elder Pliny in telling us how the latifundia were ruining Rome must have had in mind precisely such purchases as his nephew contemplated, for without any too obvious connection he adds: "With that greatness of mind which was so peculiarly his own, Cneius Pompeius would never purchase the land that belonged to a neighbor."[2]

Still do not let us simplify the process of concentration too much. It undoubtedly had as an underlying cause the relative unproductivity of the soil. The process of concentration followed many parallel routes. Indebtedness was undoubtedly the greatest factor in abolishing small holdings. Unproductivity of agriculture naturally led to cattle-ranches which required much larger holdings. Wealthy men acquired and accumulated vast domains rather for the pleasure of possession than as a paying investment. But the process of deterioration went on, and legislative interferences could neither stop the robbing of the soil nor the depreciation of land values. Negligent cultivation of one's own land was punishable, so was conversion of arable land into pasturage; but neither law proved effective. To maintain land values, as early as 218 B. C., the Claudian law excluded senatorial houses from mercantile occupations and compelled them to invest in Italian land. Since Trajan's time, one-third of their wealth had had to be invested in land. Tiberius, in A. D. 33, put in force an old law and compelled all bankers to invest, so

[1] Plinius, Epist., iii, 19.

[2] Plinius H. N., xviii, 7.

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far as can be made out, two-thirds of their working capital in Italian lands.[1] Such measures maintained for a time the land values but they could not touch the underlying cause—the process of spoliation and exhaustion of the fields as well as the process of proletarisation, corruption and depopulation of the nation.

Some questions suggest themselves in this connection. First of all, did not the Romans know how to conserve or improve their soil and thereby make their agricultural labor more productive? The answer to this can only be that nothing could be more startling than the Roman knowledge of rational and intensive agriculture. The knowledge of the Roman Scriptores Rei Rusticae is superior to any agricultural practice of the Middle Ages or even of modern Europe at the beginning of the 19th century.

Why then did the Roman farmers fail to improve their methods of agriculture even when pressed by necessity to do so, even when threatened with extermination? It was easier said than done. Behind our abstract agricultural reflections are concrete individual farms. The owners of the rundown farms are impoverished, and when a farmer is economically sinking he is not in a position to improve his land.

Only one with sufficient resources can improve his land. By improving land we add to our capital, while by robbing land we add immediately to our income; in doing so, however, we diminish out of all proportion our capital as farmers, the productive value of our farm land. The individual farmer can therefore improve his land only when in an economically strong position. A farmer who is failing to make a living on his farm is more likely to exploit his farm to the utmost; and when there is no room for further exploitation he is likely to meet the deficit by borrowing, and thus pledging the future productivity of his farm. Such is the process that as a rule leads to his losing possession of his homestead and his fields, and to his complete proletarisation.

[1] See Mommsen, Boden-und Geldwirtschaft der Römischen Kaiserzeit. Historische Schriften, Bd. ii, p. 595.

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The exceptional man might pull himself up under adverse conditions, but on the other hand a man of such exceptional resourcefulness and ability will not permit such deterioration of his farm. But whatever the exceptional man may or may not do, here we are dealing with the average men, the habitual victims of circumstances. In this connection let me point out that already Columella as well as Tremellius fully realized the situation, and they therefore regarded the ability to lay out money as the essential condition for improved agriculture. "For, neither knowing nor willing can be of any use to any person whatsoever, without those expenses which the operations require." [1]

The great agricultural knowledge of the Romans must not however be dismissed lightly. It opens up many serious questions. All that is implied by the agricultural revolution, the seeding of grasses and legumes, the rotation of crops, yes, even green manuring, all that was perfectly known to the Romans—why was it not practiced for two thousand years or more? I do not know. It shows up so-called intellectual knowledge in rather an unenviable light, but that does not solve the problem involved.

The only interesting and important conclusions we may draw from the agricultural history of antiquity, the Middle Ages and modern times is that the talk about agricultural evolution from an extensive to an intensive culture belongs in the class of generalizations which should not be taken seriously. The opposite development is the more likely—probably the development from the intensive garden plot culture to extensive agriculture. Thus the intensive farming of the Romans on seven-jugera farms was, like the farming of the Chinese and Japanese, very intensive, their small grain fields being planted in rows, hoed and weeded and carefully manured with excrements and ashes and stable dung. The experience of China and Japan has

[1] "Qui studium agricolationi dederit, antiquissima sciat haec sibi advocanda, prudentiam rei, facultatem impendendi, voluntatem agendi. Nam is demum cultissimum rus habebit, ut ait Tremellius, qui et colere sciet et poterit et volet. Neque enim scire aut velle cujusquam satis fuerit sine sumptibus, quos exigunt opera." Columella, i, 1.

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proven that on very small land plots such intensive agriculture can maintain itself indefinitely without any recourse to scientific repletion of the soil by mineral fertilizers. Why did Rome fail, where China and Japan succeeded, after a fashion? We do not know. Certain it is that the intensive agriculture in Rome was ill-fated and that Virgil was well justified in drawing from it the conclusion: "Thus fate drags all to ruin with a backward pull, as when a rower hardly drives his boat against the stream: if once he drop his arms, forthwith the rushing current whirls him down."

Already in Cato's time the growing of grain crops was so utterly unprofitable that he did not even take the trouble to instruct us on this point. All he could tell us was that ploughing was less profitable than the worst pasture. In the case of Varro, instruction on intensive grain-raising is a tradition of earlier times. His preface to the second book frankly admits that there is no use talking of crop-raising, when agriculture has been abandoned for grazing. In the case of Columella the literary tradition is still more pronounced. The estates, he tells us, are as large as provinces; nowhere in Italy in the memory of mankind have they raised a four-fold grain crop; yet he outlines for us a most intensive culture of grain which is evidently a long extinct tradition. The mistakes that he occasionally makes also prove that he never was an eyewitness to the operations, in spite of his wide experience. Thus he suggests seeding alfalfa one cyathus for fifty square feet, which amounts to several bushels per acre—an impossible proposition, fifteen pounds being a very liberal amount.* The well-known botanist, Mattioli, who wrote in the 16th century, tells us that while alfalfa was obviously grown once upon a time in Italy, he has never found anyone who has seen the plant in its seed.[1] I believe that Columella was even in his own time in Mattioli's position.

[1] Pietro Andrea Mattioli, Discorsi ne i sei libri di Dioscoride Venetia (1621) p. 329. Ordinary varieties of clover were regarded by the same writer as rare medicinal plants. So Trifolium Asphaltine could occasionally be found on uncultivated fields near Lucca, Trifolium pratense near Naples. See also the German edition of Mattiolus "Krāuterbuch." (1586) p. 291.

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In her early days Italy was famous for her wheat, which provided not only her own population but also that of Greece. The fertility of Italian soil was probably the reason for the establishment of Greek colonies in southern Italy. The importation of Italian wheat into Greece in Sophocles's time is still famous. But in Cato's time Italy was already dependent upon Sicily, which Rome's great old man called the provider for the Roman people. In all probability this dependence upon Sicily as its granary was the paramount reason for Rome's conflict with Carthage. Province after province was turned by Rome into a desert, for Rome's exactions naturally compelled greater exploitation of the conquered soil and its more rapid exhaustion. Province after province was conquered by Rome to feed the growing proletariat with its corn and to enrich the prosperous with the loot. The devastations of war abroad and at home helped the process along. The only exception to the rule of spoliation and exhaustion was Egypt, because of the overflow of the Nile. For this reason Egypt played a unique rôle in the Empire. Tacitus tells the story in a nut-shell. He is describing Germanicus's travels in the east, including Egypt:

> Another point appeared to him [Tiberius] of greater moment. Among the rules established by Augustus, it was a maxim of state policy that Egypt should be considered forbidden ground, which neither the senators, nor the Roman knights, should presume to tread upon, without the express permission of the prince. This was no doubt a wise precaution. It was seen that whoever made himself master of Alexandria, with the strongholds which by sea and land were the keys of the whole province, might with a small force, make head against the power of Rome, and, by blocking up the plentiful corn country, *reduce all Italy to a famine*. Germanicus, without authority, had entered Alexandria; and this, to the jealous temper of Tiberius, was little short of a state-crime.[1]

To provide with grain the dwindling population of Italy was a life and death question to the Empire even in the days of Tiberius, and Tiberius freely admitted it. When his attention was called by the ædiles to the growing luxury of the rich and their breaking the sumptuary laws Tiberius answers:

[1] Tacitus, Ann., ii, 59.

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But after all, is the mischief, of which the ædiles complain, the worst of our grievances? Compare it with other evils, and it vanishes into nothing. Italy stands in need of foreign supplies, and yet who is considering how much the commonwealth is every day at the mercy of the winds and waves? The produce of colonies is imported to feed the landlord and his slaves. Should these resources fail, will our groves and our villas support us? That care is left to the ruler. Should he neglect that essential duty, the commonwealth is lost.[1]

The commonwealth was not yet lost in Tiberius's days, but it was already doomed and Rome knew it. The fundamental trouble could not be cured. In Italy, labor could not support life, and men and women were not reared to maintain the population and Rome's dominion over the world. Yet Rome's livelihood was its dominion; it lived, as Seneca put it, on "the spoils of all nations." And in view of the fact only too obvious that Italy's population was dwindling, it was quite natural for Seneca to point out to his fellow-citizens, that "it is more easy for all nations to retake that from one people, which one people at different times has taken from all nations."[2]

But we are told that Italy's depopulation was due to the civil strife and wars, to the ever-increasing marsh areas, and growing unhealthiness, and to a thousand and one other cherished explanations—all of them to a large extent based on contemporary documents and to a greater or lesser extent true, but all of them, at best, important symptoms or minor effects rather than fundamental causes. Thus they ascribe the lack of daily bread from which Rome was suffering to the circumstance that Italy found it more profitable to grow vines, to go into grazing and leave the grain production to its provinces. Of course, if in Nero's days the fourth grain could not be produced anywhere in Italy, it is perfectly true that it was profitable for Italy to leave grain production to the provinces. To claim for Italy a choice in the matter is somewhat misleading.

Misleading as well is the talk about economic differentiation: Italy producing this or that, while Africa or Spain or Sicily produced grain. The truth is that the granaries of Rome, with

[1] Tacitus, Ann., iii, 54.

[2] Seneca, Epist., 87.

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the exception of Egypt, were undergoing the same process of exhaustion and devastation. Recall Sicily, Sardinia, northwestern Africa and Spain, not to mention Greece which antedated even Italy in her exhaustion. Neither can the opinion be taken under serious consideration which regards the growing insalubrity of Italian lowlands as the cause of depopulation, which led to undermined national strength, a diminishing agricultural area etc. For those who hold such an opinion seem to forget that many other provinces of the Empire underwent the same process of rapid depopulation without turning into swamps, but rather that many parts of them, like Libya for instance, were turning into arid deserts. As a matter of fact, the same fundamental causes that were increasing the swampiness of Latium and Campania were turning northwestern Africa and portions of Asia into deserts. These causes were, or this cause was: *agri deserti*—abandoned fields. Any farmer who is working his fields takes care that they shall drain properly. On any large farm one has dry land and wet land. Some lands drain rapidly and are fit for early ploughing and sowing, while other lands perhaps situated in hollows remain wet for a longer time. There are many ways in which the farmer attends to a more or less proper drainage. Only advanced farmers in modern times are putting in tile drains that do not choke and that permanently improve wet or springy land. As a rule the farmer in times past did what most farmers do now. They drained wet fields every year by draining furrows perhaps a week or so before ploughing time, or if the situation required they drained them with somewhat more permanent open ditches, or they drained the superfluous water with deep ditches filled with stones and covered with earth. In England and in western Europe the medieval farmer was cultivating most of his land in ridges—an extremely wasteful system of drainage. You can find pictures of it in medieval manuscripts. Just as every road, as a matter of routine, is so built as to allow the water to drain, so is minor drainage a matter of daily farming routine to such an extent that the farmer is actually not even conscious of it. But all this minor everyday drainage has to be repeated every year; even more permanent drainage, such as the open

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ditches, must be kept open, and stone ditches have to be watched lest they fill up with dirt and choke. But what happens when the fields fail to reward labor and are abandoned? If the highlands are not capable of covering themselves readily with vegetation, the top soil is washed away and a desert is left, while the deserted lowlands with clogged-up drainage are bound to turn swampy and unhealthful. That swampy lands breed mosquitoes and that mosquitoes are responsible for malaria the Romans seem to have known quite well. Already Varro had advised against the use of slaves for work in marshy lands, and advocated taking chances with the health of hired freemen;[1] for, as he explains in a previous chapter, certain "animalculae" that breed in swamps cause grave maladies.[2] Columella describes the mosquito in still more unmistakable terms: "infestis aculeis armata animalia."[3]

It is therefore only reasonable to assume, so far as Campania and Latium are concerned, that the population was not driven out by malarial mosquitoes, but that mosquitoes took peaceable possession of the lands already abandoned by their cultivators. Thus in the year 395 the abandoned fields of Campania alone amounted to something over 528,000 jugera.[4]

Much more plausible is the opinion that the depopulation of Italy as well as the devastation of its fields was due to wars and civil strife. This argument is self-evident and can be supported by endless quotations from the great Roman authors. Obvious as the argument is, it does not, however, stand up well under further scrutiny. For the analysis of the actual data at our command is most perplexing. The steady shrinkage of population in the ancient world did not follow, curiously enough, in the wake of its bloodiest wars, but in times of complete peace. The fearful losses of Rome's greatest wars on the other hand, losses for instance occasioned by the Punic Wars, were rapidly made up, and in spite of further wars the population was steadily increasing. The same was true about the temporary decrease of population occasioned by a plague. Different was the situa-

[1] Varro, i, 17.
[2] *Idem*, i, 12.
[3] Columella, i, 5.
[4] Cod. Theodos., xi, 28, 2.

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tion in the period under discussion. Losses occasioned by wars and plagues were never made up, and during the longest and profoundest peace that Rome ever enjoyed the Roman population was steadily shrinking and its national strength steadily melting away. Quite similar was the process of depopulation in Greece. There, too, the losses of the bloodiest wars were made up and the country was becoming depopulated under most peaceful auspices. These, I believe, are facts generally acknowledged by historians holding diverse points of view. Professor Eduard Meyer sums up the situation as follows:[1]

There is no doubt that the two hundred years of peace brought about by the Principate at first effected an increase of population in all parts of the Empire, except where, as in Italy, Sicily, Greece, the economic and social conditions interfered or even enforced a backward tendency. In Northern Africa, Spain and Gaul, in the Danube provinces, in Asia Minor, in Syria, we therefore find signs of prosperity everywhere. All the more striking is the inner dissolution of antique life and culture which followed so soon afterward. Thus, after all, during two centuries of peace, under a careful and circumspect government, the wealth and the population and even to a much greater extent, the very capacity of the Empire, were dwindling continuously. The economic decline, that had devasted Greece and Italy, from thence spread to the provinces of Sicily, Spain, Africa, Gaul, one after another. The great civilized state [*Culturstaat*] was hardly capable any longer of raising armies to hold down barbarian tribes like the Marcomanni. The devastation wrought by the plague in the population of the Empire under the Emperor Marcus was never overcome. Our sources, it is true, will not permit us to give this development statistical expression. The terrible struggles of the third century, the continual uprising of the armies and provinces against each other hastened the process and completed the downfall of the State. The new State erected by Diocletian and Constantine saved, it is true, the ruins of ancient civilization and gave new stiffening to the East. It could not maintain, however, the West against the barbarians, who had first been called as soldiers to the empire and then were entering it as uninvited guests. Here, therefore, depopulation progresses with the devastation and the decline of civilization, finding

[1] Ed. Meyer. "Die Bevölkerung des Altertums," Handwörterbuch der Staatswissenschaften, 3te Auflage (1909) Bd. iii, pp. 911–912.

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its most striking expression in the dwindling and complete disappearance of innumerable prosperous communities.

This is a summary of facts which can hardly be contested. It is therefore evident that the steady shrinkage of population and the crumbling of the empire can not be attributed to wars. It stands to reason that permanent desertion of entire countrysides can not be caused by temporary devastations of war, for war can not rob the fields of their fertility. Exhaustion of the soil, on the other hand, will lead to its desertion in time of peace and of course still more so in times of war. The "economic and social conditions," to which Meyer refers—conditions which since the later period of the Republic were increasingly depopulating Italy, Sicily and Greece, conditions that the Principate and its peace could not cure—were plain exhaustion of soil.

The inner decay to which Meyer refers, which in an era of complete peace was depopulating the Empire and its provinces, that "inner decay" which made the mighty Empire fall and crumble, that "inner decay" in all its manifold manifestations was in the last analysis entirely based upon the endless stretches of barren, sterile and abandoned fields of Italy and its provinces.

Roughly speaking, Roman political and economic life found itself involved in a series of vicious circles. It is only too well known that as long as Italian land was productive and of value, the struggle for that land was the keynote if not the very content of Rome's political struggles. The wealthy were either in lawful possession or were unlawfully using the public land, and hence they were opposed to its subdivision among colonists.

Rome was not without patriots and prophets, to whose vision it was revealed what the Fates had in store for it. They were the great land reformers—and according to tradition they all had to die. Thus, Spurius Cassius, a consul and a triumphator, is said to have been executed in 486 B. C. Marcus Manlius, Rome's greatest hero, who saved its capitol in the Gallic siege, was executed in 384 B. C. The Gracchi, though foully murdered, after a fashion succeeded; but it was already too late. As the Roman farmers were vanishing from the countryside and the farm centers, the small municipalities losing

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their significance, the population of the city of Rome was increasing.

In proportion as the Roman fields were becoming exhausted, Rome had to rely upon grain from other lands. The conquest of grain-producing countries opened new rich fields of exploitation to the Roman money-men and to its statesmen with an eye on plunder. But to keep the people alive on the bread and to satisfy the appetite of the wealthy with the loot of foreign lands, great armies and a manhood superior to that of the barbarians was required.

As foreign provinces and not Italian lands became the source of Roman wealth, as the population of Rome became too large, too motley, too complex an element to handle, then indeed even the optimates became strong advocates of colonial assignments. Thus we find the versatile Cicero, who once so eloquently opposed colonization, supporting the colonial projects of the tribune Flavius, because by such measure could "et sentinam urbis exhauriri et Italiae solitudinem frequentari"[1]—the city be rid of rabble and deserted Italy repopulated.[2] But the colonies of the later Republic and the Principate could not be successful. It was not a surplus of a farming population that was now being settled in new colonies. Rome permitted its farming population to be wiped out, and then tried to make farmers out of idle city paupers and old army veterans. But army veterans or city rabble will not make successful farmers, even on good soil—and as a rule the land assigned to the new colonies in Italy had already ceased to be paying farming land. The colonies did anything but flourish; the colonists as a rule were quite willing to part with their allotments as soon as they could legally do so. Thus the same Cicero pointed out how some vast colonies of Sulla turned in no time into latifundia owned by a few.[3] Later on, the sources no longer report to us

[1] Cicero, Ad. Att., i, 19.

[2] Solitudo Italiae—is not exactly deserted Italy, but it may do as somewhat free translation.

[3] "At videmus, ut longinqua mittamus, agrum Praenestinum a paucis possideri." Cicero, De lege agr., ii, 28, 78.

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that the colonists were selling their allotments, they do report that they *deserted* them. So for instance Tacitus tells us that "the veteran soldiers entitled to their discharge from service, were settled in Tarentum and Antium so as to increase the population of these deserted localities, but they rambled back to the provinces, in which they served." [1]

On the face of it, it was a hard proposition even for good farmers fresh from the soil; for the fields assigned to them were already abandoned for good and sufficient reasons. To settle there old veterans without families and to expect them to succeed on these abandoned fields, was to expect miracles. As a rule, expected miracles fail to materialize. The countrysides remained abandoned; "Italiae Vastitas" stared the contemporaries in the face, and Italy's great historians marvelled how sections of Italy that in their times were almost entirely deserted could in former days send forth legion after legion of invincible warriors. The historians marvelled, and surmised that these country districts were once upon a time thickly settled. Strange, but true! "Simile veri est—innumirabilem multitudinem liberorum capitum in eis fuisse locis, quae nunc, vix seminario exiguo militum relicto, servitia Romana ab solitudine vindicant." [2]

But perhaps no other historical document is so complete as Dio Chrysostom's story of the Eubœan Hunter. The time is the first century A. D. and the place happens to be Eubœa. There too the small farms first became consolidated into latifundia, and then these latifundia were abandoned.

> Nearly two-thirds of our land is deserted, for we neither care, nor have the population, to cultivate it. I too possess a vast acreage (many plethra) and not only in the mountains but in the valley. Should anyone care to cultivate them he can not only have them rent-free, but I will gladly pay him money in addition.

The local orator introduced to us by Dio goes on urging the citizens to take up the cultivation of abandoned land, for deserted land is a useless possession. Let anyone cultivate as much as his capital may allow him to do, for it may save the

[1] Tacitus, Ann., xiv, 27.

[2] Livius, vi, 12.

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remaining population from its two cardinal ills—idleness and poverty. The orator is suggesting that the land should be given to anyone rent-free for the first ten years, and later on for a moderate tax upon the productivity of the soil, but the tenant should not pay any taxes upon his cattle. Should an alien care to take up land, he should be welcomed to do so and he should remain exempt from taxes for five years but pay for his land later double the rate of a citizen. If, however, an alien bring under cultivation 200 plethra then citizenship should be bestowed upon him as a reward so that many should aim at such an achievement.[1]

The picture of Dio is undoubtedly true to life and we must remember that these conditions were gradually encroaching not only upon Italy and Greece but upon the other provinces with the exception of Egypt. Material which characterizes the later Empire you will find in the Church Fathers, as for instance Salvianus talking about Spain, of which but the name remains, of Africa that was, of Gaul that is devastated.[2] Of course, Salvianus, Theodoretus in his letter to the Augusta Pulcheria,[3] Basilius, Libanius and many others put the blame on the oppressive taxes. In a sense they are right. But two points must be considered. First of all, when the productivity of the soil is very slight, even a light tax is oppressive. Secondly, it must be borne in mind that if economic conditions are preventing a portion of the population from supplying their quota for the needs of the state, the tax quota of those that have not yet been economically wiped out may have to be large. Since we know that a substantial part of the population has become so proletarized as to be a charge upon the public, some other part of the population had to bear the increased burden. The increasing tax pressure, whether relative or absolute, is in the case of Rome, therefore, obviously largely

[1] Dio Chrisostomos, vii.

[2] "Denique sciunt hoc Hispaniæ, quibus solum nomen relictum est, Sciunt Africae, quae fuerunt, Sciunt Galliae devastatae. . . ." Salvianus, De Gubernatione Dei, iv, 4.

[3] Theodoretus, Epist., xliii.

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due to agricultural decline. In their turn, disproportionate taxes ruthlessly collected are quite sufficient to compel the farmer to tax the productivity of his land to its uttermost and thus to hasten the process of spoliation.

Let us now see what effect the exhaustion of the soil and the desertion of the fields had upon the body politic. For a farmer, children are a blessing. For, if a laborer is worth his hire, children are certainly worth more than their keep. In fact, lack of children is even now a hardship to a farmer; but in olden days with the much more primitive instruments of production it was a calamity. The less the productivity of labor, the greater is the effort, the greater the mass of human labor, the larger the coöperation required by a farming unit. For such a coöperation, if children were lacking, men had to be bought or hired. Under certain conditions several families had to coöperate and live in a relatively large group to meet the exigencies of farming. You will find it in Greece, in the five generation groups of the Welsh, in Slavonic Zadurgas etc.

But that is another story. Certain it is that under wholesome circumstances, in the past as well as in the present, race-suicide is not a farmer's pastime, unless the density of population in its relation to the available land area has reached a saturation point. But what do we see in Rome already in the first century after Christ? The Roman writers marvelled at Egypt and the prodigious fertility of the Egyptian race. Thus so scholarly and enlightened a writer as Columella firmly believed that to Egyptians and Libyans (Northwest Africa was then still a granary) most exceptional capacity for the propagation of their kind was given. Their women, he tells us, are bearing twins every year.[1] The elder Pliny is not satisfied with twins; he insists upon Egyptian triplets, and explains the phenomenon by the woman drinking the fruitful (fetifer) water of the Nile.[2] Many other contemporary writers marvelled at Egypt's great population, yet all that Egypt in matter of population can be credited with is that it held its own—seven millions—or possibly increased half a million in the course of the three centuries that elapsed between

[1] Columella, iii, 8.

[2] Plin. H. N., vii, 33.

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the Ptolemys and Vespasian. Egypt was the only province whose soil could not become exhausted because of the overflows of the Nile, and Egypt was the only province which maintained its population. This was regarded as a marvel. From the Roman point of view, a marvel it probably was. For the general depopulation had become in Rome a matter of grave concern.

In Rome birth-control and a disinclination to marriage became widespread. So Ovid tells us: "Raraque in hoc aevo quae velit esse parens." Of course the women were blamed. It is a subject that always invited loquaciousness, but we have any amount of evidence that we are dealing here, not with Rome's particular depravity, but with a phenomenon that hangs closely together with the decay of the farming population. Polybius is one of the many who discussed the subject. First of all we find that the same phenomenon is characteristic of Greek city life. The causal connections, the reasons that Polybius gives, may be of doubtful value to us, but his statements of fact are of importance. Here are two. In one Polybius tells us that in his time Greece was suffering from childlessness and general depopulation, the cities were becoming deserted and the fields were not yielding, though they have known neither war nor plague. The people became greedy idlers. They did not care any longer to marry; if they did marry they did not care to bring up more than one or two children that they might inherit the undivided fortune of their parents.[1] This is one statement; in another Polybius tells us that the farmers constitute the most prolific portion of the population. In a certain portion of the Peloponnesus in Elis, farming was still flourishing, the countryside was thickly populated.[2] These two statements taken together certainly throw light on the situation. But there is another mistake which we must beware of: we must not paint the devil blacker than he is, and we must not regard great wealth as the sole cause of corruption, nor Rome as its seat and abode. Suppose we make a little excursion to the small provincial town of Ilion, and follow Eduard Meyer's calculations on the basis of Schlieman's Trojan excavations. We find a list of 102 citizens,

[1] Polybius, xxxvii, 9.

[2] *Ibid.*, iv, 73.

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enumerated with their families, 38 of whom are married, 64 not married. Of the 38 married families, 17 are childless, 21 have children. The 21 families having children have, all told, 19 sons and 12 daughters. Seventeen families have no children, 14 have one child, 4 have two children, 3 have three children. There is no family which had more than three children. Several widowed mothers live with their respective sons, eight widows live by themselves. Thirty aliens who have obtained citizenship are also mentioned in the record, none of whom has wife or child; one had his mother living with him.[1] This statistical miniature picture leaves one speechless. We have no statistical data for Rome. The situation in Rome was certainly not worse than in that romantic little town of Troy. Certain, however, it is that the degree of depopulation was such as to compel extraordinary measures. And so it came to pass that morals and children became political issues. Recall the puritanic campaigns of Cæsar's heir, remember the laws against adultery, and laws restricting the property rights of unmarried men and childless couples. Special privileges were granted to parents of moderate-size families—but the "jus trium liberorum" was as a matter of fact conferred even on confirmed old bachelors! The gravity of the situation was clear to everyone,[2] and hence Augustus distributed large stipends to parents of sons and daughters—one thousand sesterces for each child.[3] Later the rearing of children was encouraged in a systematic way by large special alimentary foundations, from the interest of which regular stipends were given to a large number of children both in Rome and throughout Italy.[4] The great foundations were first established by the Emperors Nerva and Trajan. Their example was followed not only by the Emperors Hadrian,

[1] Eduard Meyer, Kleine Schriften. Halle, 1910, p. 167.

[2] Speaking of the Censor Metellus's famous remarks about matrimony, Gellius points out: "Quod fuit rerum omnium validissimum et verissimum, persuasit, civitatem salvam esse sine matrimoniorum frequentia non posse." Gellius, i, 6.

[3] "iis, qui e plebe regionis sibi revisenti filios filiasque approbarent, singula nummorum millia pro singulis dividebat." Svetonius Augustus, xlvi.

[4] For sources see Marquandt, Römische Staatsverwaltung, Bd., ii, (2d ed.), pp. 141–147.

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Antonius Pius, Marcus Aurelius, Alexander Severus and others, but also by private philanthropists. It became a type of philanthropy that particularly commended itself not only in Italy but also in the provinces. These foundations provided not only for boys, but for girls as well; and special foundations were also established for girls alone. So Antonius Pius, in honor of his wife Faustina, established a large foundation to provide exclusively for young girls—the puellae Faustinianae.

In the beginning of the fourth century we find still more far-reaching alimentary attempts. To put an end to infanticide Emperor Constantine in 315 orders his fiscal administration to provide for the children of all poor parents residing in Italy, who have not the means to provide for and educate their children.[1]

The same Emperor Constantine issues a similar law for Africa in 322, ordering the treasury to provide for the children of poor parents, so as to put an end to their selling or pledging their own children, or, even worse, having them starve to death. For, adds Constantine: "Abhorret enim nostris moribus, ut quemquam fame confici vel ad indignum facinus prorumpere concedamus."[2] The sentiment is a noble one, but back of all these measures is the more and more pressing necessity of maintaining the Roman population if the Roman state is to be maintained.

The alimentary provisions could obviously be of value only as measures of relief. They were trying to affect the results of a certain given situation, without in the least affecting that situation itself. This probably was clear to the Roman administration. Thus we witness under the Principate almost frantic attempts to create a farmer class and to repopulate the country

[1] Cod. Theod., xi, 27, 1. "Aereis tabulis vel cerussatis aut linteis mappis scribta per omnes civitates Italiae proponatur lex, quae parentum manus a parricidio arceat votumque vertat in mellius. Officiumque tuum haec cura perstringat, ut, si quis parens adferat subolem, quam pro paupertate educare non possit, nec in alimentis nec in veste inpertienda tardetur, cum educatio nascentis infantiae moras ferre non possit. Ad quam rem et fiscum nostrum et rem privatam indiscreta iussimus praebere obsequia."

[2] Cod. Theod., xi, 27, 2.

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districts. Cæsar and Augustus made the greatest efforts in that direction. Augustus established not less than twenty-eight colonies. His successors followed in his footsteps. Nerva went so far as to spend the vast sum of 60 million sesterces in purchasing private latifundia in Italy and dividing them among colonists.

Soon we see the government attempting much more drastic measures; we are confronted by legislation as unprecedented as it was amazing from the legal point of view. But these measures had become matters of course and of necessity probably long before Pertinax. For Pertinax's short reign they happen to be recorded. So Herodian tells us that throughout Italy and in the provinces everyone was permitted to take possession of waste land and abandoned fields, even if they were the Emperor's own property, and whosoever was tilling those fields was to become the rightful owner and proprietor of the soil.[1]

Dio Chrysostom's flights of oratory have actually become stern realities. There can be little doubt that the agrarian situation throughout the Empire was very much like the one in Eubœa described by Dio. Nor can there be doubt as to the cause for the desertion of the fields.

If this actual situation is kept in mind, the agrarian legislation as embodied in the Theodosian and Justinian codes begins to have a stern meaning. Decrees of that type must have been issued by both Hadrian and Trajan, judging from the inscriptions of Ara legis Hadrianae and Henschir Mettich.[2] It goes without saying that the situation did not improve in the following period. Whosoever wants land, waste deserted land, is cordially welcome to it. "Quicunque possidere loca et desertis voluerint, triennii immunitate potiantur."[3] Still more explicit is the law of Valentinian, Arcadius and Theodosius[4] which first

[1] Herodian, ii, 4, 6.

[2] Ludwig Mitteis, Zur Geschichte der Erbpacht im Altertum. Abhandlungen der Königl. Sächsischen Gesellschaft der Wissenschaften Philologisch Historische Classe, Bd. xx, pp. 28–33.

[3] Cod. Theod. v, ii, 8.

[4] C. J., xi, 59, 8; Cod. Theod., v, 11, 12. "Qui agros domino cessante desertos vel longe positos vel in finitimis ad privatum pariter publicumque conpendium excolere

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of all encourages everyone to cultivate abandoned fields or fields that have been without cultivation for a long time. The original rightful owner of such fields is to have but two years in which he may claim back his property, fully compensating the new occupier for all his outlays. After a period of two years all the property rights of the former owner are to be extinguished in favor of the new occupier.

Such legislation is conceivable only with a background of endless stretches of abandoned and untilled land. But the law was not successful, since the encouragement was not sufficient to induce voluntary reclamation of abandoned farm-land. The reclamation of barren land is thereupon ordered as an obligation upon every possessor of estates under cultivation. He is to cultivate the barren and waste land within his estate. Nor can the possessors of estates sell their land under cultivation without at the same time disposing of the barren and unprofitable parts of their estate which the purchaser is to cultivate. The legislation was known as the ἐπιβολή or "*iunctio*," the "imposition of desert to fertile land."

Let us face now the problem of the so-called origin of the colonate in Europe. The problem has been much discussed, for it is of vital importance, not merely as a detail in Roman history but as a tableau that introduces us into the Middle Ages. It is the problem of the origin of medieval serfdom. Instead of arguing with the many different conceptions of the origin of the colonate, let us conceive its origin as intimately correlated with the land legislation and with the legislation regarding slaves. If so, all these correlated problems are state problems relating to the unprofitableness of farming as a universal social phenomenon. And if so conceived the very text of the law suggests the answer and leaves no problem to be solved.

In the introduction to the 80th novella of Justinian, we are told that provinces are gradually becoming depopulated and that our

festinat, voluntate suae nostrum noverit adesse responsum: ita tamen, ut si vacanti ac destituto solo novus cultor insederit ac vetus dominus intra biennium eadem ad suum ius voluerit revocare, restitutis primitus quae expensa constiterit facultatem loci proprii consequatur, nam si biennii fuerit tempus emensum, omni possessionis et dominii carebit iure qui siluit."

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great city is burdened by all sorts of people, especially farmers, who have abandoned their homes and deserted their fields. Why they were deserting their fields was obvious. What kind of people were living and working on the fields? They had all kinds of names, but there were but two different varieties: slaves and freemen. The slaves were trained agricultural slaves; the freemen were tenant farmers. When agriculture became very unproductive and the owner of the estate got no profit from his slaves and his estate, his natural tendency was to dispose of his slaves otherwise. The interests of the state were opposed to such tendency. The remnant of the agricultural population had to be saved. Hence the law prohibits the removal of the agricultural slave from the soil. It improves his condition. He is decreed to be attached to the soil; he may not be sold without the soil; he may marry; he may not be separated from his family. The purpose in this can not be doubted; but such enactment does not yet keep the entire agricultural population on the soil. There is another large category—the free tenant. His freedom was never before questioned, but the legislator is not in a mood to bother about niceties of the law. The free tenant is deserting the fields rapidly. To prevent this he too is being bound to the soil, he becomes a serf. The date of the enactment is lacking, as is the original decree, but there are numerous decrees against fugitive slaves and coloni,[1] and special drastic legislation against tricky evasions of the law. Notice especially the following decree, though relating primarily to slaves:

> Just as in the case of persons bound to the soil by birth (*originarii*), so in that of slaves settled on agricultural land and listed as liable to the poll-tax, it is absolutely forbidden that they be sold off the land. Nor by tricky misconstruction shall the law be so evaded, as has repeatedly been done in the case of *originarii*, that an *entire estate shall be deprived of tillage* by transferring a small portion thereof to the purchaser of the slaves. On the contrary, whenever an entire estate or a definite portion thereof comes into anyone's hands, there shall go with it just so many slaves and *originarii* as were settled on such entire

[1] C. J., xi, 48, 6; *ibid.*, xi, 48, 11.

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estate or portion thereof in the time of its former owners and possessors; and the purchaser may regard the price paid as money lost, since in spite of the sale, action will lie on the part of the vendor to recover the slaves and also their children born after the sale. And if for any reason the vendor shall have neglected to enforce his legal right and shall have died without bringing suit, we give the action for recovery both in favor of his heirs and against the heirs of the purchaser, depriving the latter of the plea of prescription by lapse of time; for no one is to doubt that he who buys anything against express statutory prohibitions is a dishonest possessor.[1]

This decree is important not alone because it recognizes no time limitation and gives action of recovery even to the heirs of the seller against the heirs of the purchaser—an unusually drastic measure. It is important also because it tells the story: it explains its reason why.

Here is obviously a common evasion. Why a common evasion? Because the evasion is lucrative. What is the policy of the state? It is to maintain agriculture even against the interest of the owner of the slaves.

Here you have the *raison d'être* and origin of the Roman colonate. It is fundamentally the very same reason that led to the emphateusis, the ἐπιβολή—the same reason that inspired the entire agrarian legislation of the doomed empire.

There are endless details relating to this as to any other subject; they are outside of our scope. For our set task was not to write about Rome's life, but about Rome's end. There is, of course, endless material that we cannot touch upon here.

For instance, the material relating to early Christianity in its popular acceptance, through its spiritual reflections of existing conditions, furthers understanding. For the road that started at Golgotha led to Rome and through the Roman Empire. What were the aspirations of those who travelled it? Did they in no way reflect the conditions of the time? What do theologians tell us about the apostolic age? What is its peculiar characteristic? It is recognized and unquestioned that early Christianity was an end-of-the-world religion.

[1] C. J., xi, 48, 7.

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So writes Cyprian to Demetrianus:

You have said that all these things are caused by us, and that to us ought to be attributed the misfortunes wherewith the world is now shaken and distressed, because your gods are not worshipped by us. And in this behalf, since you are ignorant of divine knowledge, and a stranger to the truth, you must in the first place know this, that the world has now grown old, and does not abide in that strength in which it formerly stood; nor has it that vigor and force which it formerly possessed. This, even were we silent, and if we alleged no proofs from the sacred Scriptures and from the divine declarations, the world itself is now announcing, and bearing witness to its decline by the testimony of its failing estate.[1]

That much we have perhaps heard before, but here is a new note: "Although the vine should fail and the olive deceive and the field, parched, with grass drying with drought, should wither, what is this to Christians?"[2]

Perhaps even more expressive is somewhere in Lactantius this sentence: "There will be a dreadful and detestable time in which no one would choose to live. In fine, such will be the condition of things that lamentations will follow the living and congratulations the dead."

Quite adequate illustrations to this text you may find in the pictures of misery and desolation in Salvian's "De gubernatione Dei." Is not in such conditions to be found the material basis for celibacy, asceticism, monasticism? And were not the same conditions after all responsible for Roman childlessness, though quite unaccompanied by mortification of the flesh? It may be difficult for us to understand an atmosphere of social and political doom. Let us go back then to another people, to another city, that were about to be destroyed by Rome. Jesus was carrying the cross, followed by lamenting men and women:

But Jesus turning unto them said: Daughters of Jerusalem, weep not for me, but weep for yourselves and your children. For behold, the

[1] Cyprianus, to Demetrianus, iii.

[2] *Ibid.*, xx.

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days are coming, in which they shall say, Blessed are the barren, and the wombs that never bare, and the breasts that never gave suck. Then shall they begin to say to the mountains, Fall on us; and to the hills, Cover us.[1]

Here, however, we are touching upon a subject which should be treated by itself.

It is claimed that there is but one understanding; the misunderstandings are legion. To guard against misunderstandings is impossible. Yet I know that many a charitable reader will sympathetically suggest that while the exhaustion of Roman soil was an important factor I can hardly mean to insist that it was *the* sole factor responsible for Roman decline and fall. For it is not credible that so rich and so complex a texture of life should depend upon one single and solitary factor.

Such would not be my assertion, nor is it my attempt. I have not undertaken to explain the complex fabric of Roman life; we are dealing here with the relatively simple problem of its disintegration. All that this study shows is that the progressive exhaustion of the soil was quite sufficient to doom Rome, as lack of oxygen in the air would doom the strongest living being. His moral or immoral character, his strength or his weakness, his genius or his mental defects, would not affect the circumstances of his death: he would have lived had he had oxygen; he died because he had none. But it must be remembered that while the presence of oxygen *does not explain his life*, the absence of it is sufficient to explain his death.

There is one other misunderstanding which I should like to guard against. So far as argumentation is concerned, this essay might be considered a continuation to the study published some time ago, dealing with the medieval village community.[2] The reader will find there this statement:

Go to the ruins of ancient and rich civilizations in Asia Minor, Northern Africa or elsewhere. Look at the unpeopled valleys, at the dead

[1] Luke 23, 28–30.

[2] Simkhovitch; "Hay and History." POLITICAL SCIENCE QUARTERLY, vol. xxviii, pp. 385–403, September, 1913.

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and buried cities, and you can decipher there the promise and the prophecy that the law of soil exhaustion held in store for all of us. It is but the story of an abandoned farm on a gigantic scale. Depleted of humus by constant cropping, land could no longer reward labor and support life; so the people abandoned it. Deserted, it became a desert; the light soil was washed by the rain and blown around by shifting winds.[1]

I should hate to be responsible for a new fetish, an interpretation of historical life through exhaustion of soil. It is silly.

First of all deeply and gratefully is it felt that life with all its pain and its glory can be lived; word or brush may aspire its all too inadequate expression, but never will the scholar methodically and mechanically figure it out and interpret it.

But it is a mistake to think that social science is dealing with life. It is not. It deals with the *background* of life. It deals with common things, with what lives had in common, common conditions of existence, common purposes that these conditions suggest. *They* can and must be scientifically explained and determined, if social science is to be taken seriously. Scientific determination is accurate determination. What forces that circumscribe and govern our life must we unquestionably accept? Obviously, the physical forces. Under certain conditions we are born, we live and die. The limits of our mortal existence we cannot transgress. Nor can we change the heavenly course of suns and planets; we do not govern the seasons of the year; they regulate our life.

Within the laws of nature our lives begin and end. They limit and compass our existence. But the laws of nature without our active participation do neither feed nor clothe us. This active participation we call our work, our labor. Social labor varies in its productivity. At all times this productivity had and has its limits. *These limits of the productivity of our labor become, for society, physical conditions of existence.* Within these limits our entire social life must move. These limits life must accept as mandatory and implacable; to them it must adjust itself.

[1] Simkhovitch, *op. cit.*, p. 400.

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The history of the productivity of our labor is the foundation of a scientific economic history, and the backbone of any and all history. Every law, every statute, every institution has obviously some purpose. But how are we to understand the purposes of the past if we know not the conditions which those purposes were to meet? The accurate knowledge of the productivity of our labor can explain to us why things were as they were, why they became what they are and what one may expect from the future.

In this study, however, which is not concerned with the details of Rome's life, one single, major and strikingly variable productivity factor suffices to solve the problem. That factor—the exhaustion of Roman soil and the devastation of Roman provinces—sheds enough light for us to behold the dread outlines of its doom.

VLADIMIR G. SIMKHOVITCH.

COLUMBIA UNIVERSITY.

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CAPITAL AND MONOPOLY

IT was pointed out in a previous article that conditions of monopoly and competition in industry are supplementary, rather than antagonistic forces.[1] A condition of monopoly naturally engenders competition, while a condition of competition naturally develops monopoly. The question to be examined in this article is *whether competition in one stage of the productive process tends to produce monopoly in another stage*.[2] For our purposes, the stages of production may be classified as those engaged in by the producers of raw material, the manufacturers, the transporters, the wholesale jobbers, the retailers, and the consumers.[3] In the struggle for advantage between these various interests, the transporters have been fairly completely eliminated through the increased power of the Interstate Commerce Commission, although some years ago they were an active factor; and the consumers have never possessed ability for organization sufficient to make their power felt. In general, then, the competitive struggle today is between those engaged in the other four stages.

It is important to emphasize the fact that industry is not homogeneous in its nature. Different industries show wide variations in the relative importance of fixed capital, the standardization of the product, the elasticity of the demand, the number and comparative financial resources of competitors.

[1] POLITICAL SCIENCE QUARTERLY, vol. xxx, p. 578.

[2] Monopoly may be defined as the erection of a barrier between oneself and the extreme rigors of competition. These barriers are of many kinds and varying strength, enabling the so-called monopolist to charge prices more or less independently of competition. Monopoly, then, in this conception, is not an absolute condition, but a relative one, affecting all industrial life to a greater or less degree, and attracting attention and criticism only when very obvious. The legal aspect, whether the monopoly is brought about by means of a pool, trust, holding corporation, verbal agreement, or business ethics, is disregarded, since from the economic point of view the result of each of these is the same.

[3] The labor stage and the capital stage are both connected with all the enumerated stages, and form a separate problem.

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While the same set of forces is at work in all industries, their relative importance is so diverse as to make them apply very differently. For this reason, no general truths can be found which apply equally to all industries.[1] The following analysis, therefore, concerns only a limited number of industries, and especially those in which the fixed capital is relatively large, the product is subject to standardization, the demand is inelastic, and the differences in financial strength are important. In other industries, where personal ingenuity and initiative have greater scope, it is probably true that competition is a permanently active factor.

In the industries under discussion, the root of the growth of destructive competition[2] and resultant monopoly lies in the variability of costs. Just as in railroads the overhead or general expenses play an important part in the computation of costs, so it is in many manufacturing industries.

The general application of this fact has been too much neglected. It is of varying importance in different industries, though it applies to all in some degree. Every business must take into account the two sets of costs—the overhead and the specific. The overhead are relatively stable, no matter what the volume of business may be. The specific costs are directly traceable to the manufacture of a certain article, and thus vary with the quantity produced.[3]

From the different relation of an increase in volume of production to these two sets of costs, it follows that business, which cannot be obtained under conditions to pay the full share of overhead expenses, may yet be profitable and worth taking if its price covers more than the specific costs. Moreover, there is a constant pressure to expand, through the fact that an in-

[1] This was attempted by Alfred Marshall in his concept of the "representative firm," which turns out to be nothing but an average, or entirely non-existent. *Cf.* Davenport, Value and Distribution, p. 374. The work of Professor H. C. Emery on President Taft's Tariff Board also bears this out.

[2] Destructive competition is that which forces prices to a point where the capital invested receives no return, and even fails to maintain its value intact.

[3] There are at times savings in specific costs accompanying increased production; these are relatively small, however, in comparison to the decrease in overhead costs per unit.

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creased volume will decrease the overhead costs per unit up to the point of entire utilization of the plant.[1]

Overhead costs play so important a part in certain industries that prices may be very greatly reduced before it becomes unprofitable to take business which could not otherwise be obtained. Closely related to this is the fact that lower prices open up new strata of demand which are not in the market so long as prices are sufficiently high to cover both sets of costs. This, however, is aside from the main point to be discussed in this article, which is more directly concerned with an analysis of the antagonism of the individual concern's interest to the trade, even at the expense of the individual concern itself.

The general process may be described as follows. In an industry of relatively inelastic demand and high overhead costs, manufacturer A finds that he can increase his business profitably by selling to customers of manufacturer B at a price which little more than covers his specific expenses. He thus offers to sell to them at a price which is lower than B's cost of production,[2] i. e., overhead *plus* specific costs. B has no choice but to meet the reduction, which is better for him than losing the business. He may further invade A's territory by offering special inducements. Each is now compelled to sell at prices less than their total costs. Discounts and individual bargains, in order to get new customers or keep old ones, become the rule, and there is inaugurated a condition of "severe" or "destructive" competition, which must end in the elimination of the one who is financially less able to lose money for a period of time. Such competition has but little, if any, reference to productive efficiency.

Barring elimination of all but one competitor, the other possible result is a combination of the competitors, by which profitable prices are agreed upon. In either case, the process has led up to, and is succeeded by, monopoly.

[1] On this point compare Professor W. Z. Ripley's analysis of railroads, with which the manufacturing industries under discussion are comparable. Railroads: Rates and Regulation, pp. 71–77.

[2] Various methods are employed to conceal these special prices, as discounts from published schedules, particular credits, special bonuses etc.

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But the effect of competition between manufacturers must be pursued further before its results can be clearly seen. Retailers are purchasing from manufacturers at different prices, according as their trade is desirable to the manufacturers. Now, the retailer who is in an especially advantageous position to enforce a low purchase-price can, in turn, sell at a lower price as his overhead charges per unit decrease, thus augmenting his superiority.

The same forces are thus at work in both stages of the productive process, and the question arises in which stage the monopoly will develop, for once it has matured the monopolist will be in a position to dictate a uniform price to the other stage of production, and thus tend to keep competition alive there.

Through the testimony taken in a number of suits which have come before the courts, congressional investigations, and the researches of the Bureau of Corporations, a large amount of accurate information is now at hand upon which to base an analysis of the industrial situation, and the time appears ripe for the extensive utilization of this material.

For the hypotheses advanced, bearing in mind that only industries in which capital is of predominant importance are included, reliance is placed mainly on an intensive study of a comparatively few industries which are believed to be typical of this class and which have been particularly favored by official investigations. These industries are steel, oil, moving pictures, harvesting machines, drugs and tobacco.

I. *Competition tends to become so severe as to be destructive of fixed capital*

In the early days of the oil industry, the severity of the competition between the crude, the refining, and the transporting stages is testified to by many sources. In fact, it is strikingly corroborated by both parties in the recent government suit against the Standard Oil Company.[1] The intense nature

[1] Standard Oil Company *v.* United States, 221 U. S. 1. Brief for appellants, vol. 2, pp. 13–24; brief for United States, vol. i, p. 9.

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of the competition among railroads at that time is demonstrated by the enormous rebates which were granted in order to secure the business.[1]

President Cassatt, of the Pennsylvania Railroad, described this period as follows :

> We paid very large rebates; in fact, we took anything we could get for transporting their oil; in some cases we paid out rebates more than the whole freight. I recollect one instance when we carried oil to New York for Mr. Ohlen, or some one he represented I think, at 8 cents less than nothing. . . . I do not say any large quantities, but oil was carried at that rate.[2]

In the steel industry, the stages of the production are the mining of iron ore, the crude steel and the finishing. The first two have been practically one, since nearly all the large crude steel concerns own their ore mines. Price variations have been very great,[3] and there is abundant testimony of the severity of competition previous to 1900.[4] Moreover, this competition suddenly threatened to become disastrous, through the plans of expansion being contemplated by some of the crude steel concerns, particularly the Carnegie Company, by extending their business into the finishing stage.[5] Clearly the "finishing" concerns faced the possibility of being forced to the wall, with an accompanying heavy loss of invested capital. From this fact, combined with a favorable general financial situation, arose the United States Steel Corporation.

[1] Report of the Commissioner of Corporations on the Petroleum Industry, part i, pp. 54–66.

[2] 50th Congress, 1st session, House reports, vol. ix, p. 176.

[3] United States *v.* United States Steel Corporation, defendant's exhibit, p. 642, shows the standard variation of prices between 1888 and 1900 to be $7.45, as compared with $2.72 for the years 1901 to 1913.

[4] United States *v.* United States Steel Corporation, defendant's exhibit, page 270, pp. 304–7. Also Report of the Commissioner of Corporations on the Steel Industry, pp. 1–10.

[5] The Commissioner of Corporations points out (vol. i, p. 7) that the early consolidations did not operate to prevent competition, but "instead, it soon developed that the formation of these great consolidations were likely to bring on an era of competition more severe than anything the industry had yet seen."

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In 1908, competition was active in the newly-created moving-picture business. There are three stages in this industry, the manufacturing, the distributing, and the exhibiting, the competitors in each stage striving eagerly to extend their business.[1] Patents were infringed upon by all parties, and special rates and privileges were recklessly given out in the effort to obtain new customers.[2] "In this commerce in positive films, the main factories at that time [1908] competed with each other for the business of the exchanges, and the exchanges all competed with each other for the business of the exhibitors."[3] Shrewdness in taking advantage of the disorganized condition of the market was an important element in success to such an extent that certain individuals made enormous incomes while others went bankrupt. Competition was testified to in the brief for the United States as being literally of a cut-throat character.[4] The situation was so tense that something had to be done in order to forestall large losses by all concerned. This aspect was first grasped by the manufacturers who on account of their small numbers found it easier to agree upon terms of combination than to fight it out to a finish. Ten of the most prominent concerns joined together to form the Motion Pictures Patents Company and thus to sell to distributors at uniform, profitable prices.

Before the formation of the Harvester trust, the Bureau of Corporations found that a condition of "very severe competition" prevailed in the industry. It further found that the formation of the trust was due to the "severity of the competition."[5]

[1] Mr. H. N. Marvin described the situation as follows: "We were engaged in a bitter commercial strife. We did what all people do under those circumstances, we fought the best we knew how." United States *v.* Motion Pictures Patents Company, Dist. Ct., Eastn. Dist. Pa., Oct. 1914, Record, vol. i, page 123.

[2] *Idem*, Record, vol. ii, page 659.

[3] *Idem*, Brief for United States, pp. 33–34.

[4] *Idem*, Brief for United States, pp. 120–129.

[5] Report on International Harvester Co., pp. 2–4.

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II. *Destructive competition leads to the elimination of weaker concerns, their acquisition by their more powerful rivals, or combination. In any case, monopoly is the result*

In general, monopolization is reached by a combination of these methods. The motion-picture monopoly of the manufacturing stage was acquired by a straight combination of the interests involved; its control of the distribution of films through the creation of the General Film Company, which was formed by the owners of the Patents Company, was attained by the purchase of some concerns and the elimination of others.[1] The two are often connected, as in the case of the International Harvester Company. The process of elimination was clearly under way when the combination was formed.[2]

Although the United States Steel Corporation controlled about sixty per cent of the industry at its inception, its proportion has since diminished.[3] In view of the government's attitude towards combinations a further increase was inadvisable, and the situation was met by pools, personal understandings, and finally by the famous "Gary dinners."[4]

The informality of the discussion need deceive no one; they had the effect of consolidating the actions of the concerns represented, and in so far were monopolistic in character. The

[1] United States *v.* Motion Pictures Patent Company, Record, testimony of Wm. Devery, vol. ii, page 839. "I know that the Patents Company sent around agents to every customer we had, telling them that our license was canceled, and that we were hopelessly bankrupt; that was the statement they made to several of the exhibitors; that we never would be able to resume business again, and that the best they could do would be to get service from some other exchange." Also testimony of Wm. Fox, vol. ii, pp. 658–700.

[2] Question: "You think that McCormick was crowding you out of the home market?" Mr. W. H. Jones of the Plano Co.: "No question about it, survival of the fittest." Report of the Bureau of Corporations, p. 69.

[3] Report of the Commissioner of Corporations on the Steel Industry, part i, pp. 358–373, 56–7.

[4] United States *v.* United States Steel Corporation, defendant's exhibit, pp. 304–7; also the federal investigation of the United States Steel Corporation. 62d Congress, 2d session, House Report no. 1127, pp. 118–126, and Hearings, pp. 1773–1812, 1717–1719.

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greatest stress was constantly laid on the unanimity of the interests of all parties.[1]

The same process may be seen under way in the drug business. Here, the stages of production are the manufacturer, the wholesale jobber, and the retailer. Lack of standardization and the comparatively small amount of capital involved [2] have enabled a host of each class to remain in competition for a long period. Here, however, groups of retail stores have been enabled, through combination, to obtain prices lower than the single stores and hence to undersell them.[3] Despite attempts of manufacturers to fix the retail prices of their products, the cutting of prices was practiced, and finally held legal.[4] The advantage gained by the small combinations has been sufficient to enlarge their power through the absorption or elimination of small rivals and through the combination of the small groups already formed, so that today we appear to be on the verge of a complete monopolization of the retail drug business.

Likewise, the Tobacco trust was formed by a combination of all these methods. The original American Tobacco Company of 1890 was a direct merger. Immediately thereafter, it acquired the plant of its only important rival in the manufacture of cigarettes. Its extension into other branches of the industry was also mainly by purchase, reinforced by drastic cuts in prices.[5]

The coal situation in Illinois and Wisconsin, where mine-owners and retailers competed indiscriminately with each other for the trade of consumers, produced the situation that retailers

[1] No judgment is here implied.

[2] Thirteenth Census, vol. viii, p. 514.

[3] *Cf.* Testimony of Messrs. Finneran and Nixon, Hearings of the House Committee on the Judiciary, 63rd Congress, 2nd Session, serial 7, pp. 167–190.

[4] Sanatogen case, Bauer *v.* O'Donnell, 229 U. S. 1. Through subsequent decisions, however, it appears that price enforcement may be legally possible, if there is economic power on the part of the manufacturer to control it. Great Atlantic and Pacific Tea Co. *v.* Cream of Wheat Co., 224 Fed. 566. This was affirmed by Judge Lacombe in the Circuit Court of Appeals, 2d Circuit, on Nov. 14, 1915, holding (1) that there was no monopoly, (2) that a mere "request" to maintain a re-sale price is proper, and (3) that a dealer may pick his customers as he will.

[5] *Cf.* Report of the Bureau of Corporations on the Tobacco Industry, part i, pp. 63–140.

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did not know how much coal to store up, and hence they or the consumers lost through the unexpected fluctuations of greater or less demand. This situation caused the formation of the Illinois and Wisconsin Retail Coal-Dealers Association, and understandings among the mine-owners to sell their coal only to retail dealers of standing.[1]

III. *Through the ability of competitors to sell at a price which covers only specific expenses, destructive competition in one stage engenders destructive competition in a second stage*

In the seventies, competition between the Pennsylvania R. R., the Erie R. R., and the New York Central R. R. for the transportation of oil to the seaboard was very keen. Rates were cut when necessary, and the Standard Oil Company, having a position superior to its rivals in bargaining power, was enabled to profit more than they from the competition of the railroads.[2] It could thus extend its business at their expense through its ability to force on them a destructive competition.

Competition among manufacturers of drugs and medicines in the same way brought about destructive competition among retailers. As soon as the "chain" stores had developed sufficient power to demand and receive special prices, they were enabled to wage a price war against their weaker rivals.

In the steel industry, destructive competition in the "finishing" stage was threatened, owing to the competition in the "crude" stage. Here the threat was sufficient to bring about the combination before the competition became a reality.

In the motion-picture industry, competition among manufacturers enforced a severe form of competition on the distributors. Profits among them varied from very large incomes to losses, so that it appears as if this stage was becoming more and more centralized until it was forestalled by the combination of manufacturers.

[1] Hearings of House Committee on the Judiciary, 63d Congress, 2d session, serial 7, pp. 218–228, testimony of Peter Beck.

[2] Report of Bureau of Corporations on the Petroleum Industry, part i, pp. 54–66.

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IV. *The stage of production in which monopoly develops depends on certain technical facts*

Perhaps the most important fact is the number of competitors and their relation to each other. If their number is large and they are widely scattered, it is obviously more difficult to effect a combination than if the reverse is true. Combination is always a more rapid way to effect a monopoly than is elimination. In the motion-picture business it was far simpler for the ten manufacturers to reach an understanding, than it would have been for the two hundred distributors.

In the oil business, the difference in bargaining power between the Standard Oil group and its rivals was greater than that between the railroads and the crude-oil producers. It was in the refining stage, then, that the monopoly developed. It was stated in the brief for the United States that the Standard Oil received rebates because "no other shippers possessed any such traffic, or facilities, and therefore none could get lower than the tariff rates."[1]

The superiority in bargaining power of the "chain" drug stores over the small retailers is likewise the force which is bringing about monopoly in the retail stage. There is no such marked advantage possessed by any of the manufacturers as to enable one to eliminate the others, and apparently they are too numerous to form a combination.

Interesting developments have arisen from this condition. The attempts of manufacturers of certain copyrighted or secret articles to gain for themselves the advantages of monopoly has led them to name uniform prices at which retailers must sell to consumers.[2] The conflict of interests is here very clear. The ability of retailers to undercut is leading to a monopolization of

[1] *Supra*, vol. i, page 12.

[2] Bauer *v.* O'Donnell, 229 U. S. 1, p. 8. "Notice to Retailer. This size package of Sanatogen is licensed by us for sale and use at a price not less than one dollar, ($1.00). Any sale in violation of this condition, or use when so sold will constitute an infringement of our patent no. 601,995, under which Sanatogen is manufactured, and all persons so selling or using packages or contents will be liable to injunction and damages. A purchase is an acceptance of this condition. All rights revert to the undersigned, in the event of violation. The Bauer Chemical Co."

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the retail trade, with the result that the survivor will be in a position to dictate terms to the manufacturer. Hence the desperate attempts to enforce this type of price-fixing in the courts. With its failure, the manufacturers and the small retailers both face a serious problem, for the small retailers cannot compete with the "chain" stores in price-cutting. Since they consider that monopoly is bound to develop, they prefer to have it in the manufacturing stage, since competition among retailers would then be on a basis of personality, excellence of service, location and reputation for reliability, in which they are pre-eminent.[1] Manufacturers still retain the right to refuse to sell to certain retailers,[2] and may thus enforce their interests successfully,[3] although this is a dubious benefit if the retailer is very powerful.

The same cause led the American Publishers' Association to prosecute R. H. Macy and Company for selling books at less than the then stated prices.[4] In this they failed, as they did also in their attempt to enforce retail prices on copyrighted books.[5] Whether monopoly on this account will pass from the publishers to the retailers, or whether the publishers will be able to retain their monopoly by means of some other device, is yet uncertain.[6]

[1] *Cf.* testimony before the House Committee on the Judiciary, 63rd Congress, 2nd Session, serial 7, especially Mr. J. F. Finneran, pp. 167–180, Mr. C. F. Nixon, pp. 180–190, and Mr. John A. Green, pp. 191–9.

[2] It has recently been held that a contract to refrain from selling to an individual or a class falls under the prohibition of the Sherman act. United States *v.* Southern Wholesale Grocers' Association, 207 Fed. 434. But as against this, see the decision of Judge Lacombe quoted above. The legal situation appears at present to be confused.

[3] Numerous cases have been noted in which the manufacturer has successfully enforced a retail price. The Ingersoll watches are sold at a uniform price of one dollar. The manufacturers of B. V. D. underwear appear successful in enforcing their retail price of 50 cents. *Cf.* also Cream of Wheat Co. *v.* Atlantic and Pacific Tea Co., 224 Fed. 566.

[4] American Publishers' Ass'n *v.* Straus; 231 U. S. 222.

[5] Bobbs-Merrill Co. v. Straus, 210 U. S. 339.

[6] This subject has been excellently discussed in a recent article by H. R. Tosdal in the *Quarterly Journal of Economics*, vol. xxx, p. 86-109.

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V. *By price discrimination, monopoly in one stage may be utilized to establish monopoly in another stage*

When the Motion Picture Patents Company had been successfully organized, the same group formed the General Film Company, in order to control the distribution of films. The General Film Company offered to buy out the various distributors at prices agreed upon beforehand, and in the event of the distributor refusing to sell at the terms offered, the Motion Picture Patents Company canceled his license and refused to sell him any more films.[1] That the distributor was eliminated is shown by the following testimony of Wm. Fox:

> Question: Were there any other adequate sources of supply of film outside of the manufacturers who had taken out licenses with the Patents Company? Answer: In my opinion there was not enough of it, and what there was of it was bad, and a man would simply ruin his business to try to exhibit it.[2]

The success of the scheme is eloquently testified to by the fact that only one distributor, the Greater New York Film Company, of which Mr. Fox was President, was able to continue in business. Even this company had twice had its license canceled, and was enabled to continue merely temporarily through court injunctions, which ordered the Patents Company to sell films.

In like manner, the American Tobacco Company had an agency in the United Cigar Stores Company, a concern which operated a number of retail stores, through which it probably could have captured the entire retail trade, if it had been its policy to do so.[3] However, its interests seem to have been sufficiently well served by its ability to enforce favorable contracts on the retail stores already in existence.

The Standard Oil Company appears to have been able to dominate the industry sufficiently without extending its owner-

[1] United States *v.* Motion Picture Patents Company, brief for United States, pp. 5, 63–71; also testimony of Wm. Devrey and Wm. Fox, quoted above.

[2] *Idem*, p. 665.

[3] Report of the Bureau of Corporations on the Tobacco Industry, part 1, page 312.

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ship to the production of crude oil,[1] and indirectly it has exercised a very considerable influence in railroad policies, through the ownership of large amounts of stock by its directors.

While a monopoly in one stage can in this way rather easily extend its power over another stage where competition prevails, the reverse, that competition can spread to a field which is monopolized, is true in only rare cases. Even the effect of potential competition is decidedly limited. The reason for this is that the capital to be sunk in a new venture is subject to great risk, and the loss, in case of failure, is very large. The prospect of gain must be commensurate. The applicability of this fact varies in different circumstances, according to the importance of fixed capital. For instance, the cost of opening a colliery ranges from $200,000 to $750,000.[2] Not only must present prices be sufficiently high to justify this expenditure, but there must also be a prospect of their remaining so. Likewise, the cost of erecting a sugar refinery large enough to embody the economies which enable it to compete in the market is said to be in the neighborhood of $10,000,000. It has recently been stated that a dye factory cannot be built under a million dollars, and that this fact has tended to strengthen the German monopoly of this industry.[3] It is evident that under these circumstances a considerable rise above the competitive prices must take place before potential competition can become actual. It cannot be regarded today as an effective regulator of prices.

VI. *There is some reason to believe that monopoly in one stage of an industry tends to preserve competition in the other stages*

There appear to be no data for a positive conclusion in regard to this question, so that whatever opinions are formed

[1] 229 U. S. 77. "As substantial power over the crude product was the inevitable result of the absolute control which existed over the refined product, the monopolization of the one carried with it the power to control the other."

[2] 58th Congress, special session, doc. 6. Senate report on the Anthracite Coal Strike, May-Oct., 1902.

[3] Professor R. E. Johnson, in a paper read before the American Economic Association, Dec. 28, 1915.

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must be tentative in character. No case has been found of the development of monopoly in one stage of an industry in which another stage has been monopolized, unless it were an offshoot of the first. On the contrary, competition has remained active among the crude oil producers, the tobacco growers, the moving picture distributors, long after the other stages of these industries had been monopolized. If it is true that the Standard Oil Company owed its success to the rebates it received from competing railroads,[1] then presumably it could not have obtained a monopoly in the refining of oil had the railroads been monopolized at the time.

. . . . . .

The upshot of this analysis is that in industries of large fixed capital, standardization, and inelasticity of demand, the working of the competitive system is such that it tends almost necessarily to the erection of monopoly in some stage of the productive process. If this conclusion is correct, the social implications are far-reaching.

The impregnation of the whole industrial fabric with monopolies of greater or less power is a necessary accompaniment of modern conditions. It is especially important from a social point of view in the "capitalistic" industries. This involves an entire readjustment of governmental policies. Destruction of a monopolistic combination merely results in the erection of a new barrier in some other stage of the industry, unless, indeed, the old monopoly is continued secretly despite the law. While it cannot be asserted that this has ever been the case, enough evidence is at hand to show that there is a considerable degree of likelihood of it. The Sherman and Clayton acts are based on a theory inherited from England of the middle ages,[2] which, it is maintained, has not the slightest relation to present economic conditions. The monopolies of those days were imposed upon industry from above, by royalty or an autocratic bourgeoisie, in consideration only of the benefits to be derived

[1] Bureau of Corporations' Report on the Petroleum Industry, p. 66.

[2] This is clearly shown by Professor W. H. Taft in his recent work, The Sherman Act.

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by the recipient, and regardless of social effects. The monopolies of today have, in part at least, sprung from the forces created within the industry.

The point of view here taken is somewhat different from that of Professor Stevens in his recent articles on "Unfair Competition."[1] He enumerates eleven means by which a concern gains advantage over its rivals which do not depend on economic excellence. These unfair methods, he concludes, should be prevented by law, before a decision be rendered as to the economic superiority of competition or monopoly.

The theory here advanced leads to the conclusion that the question of unfair practices is a subordinate one, limited to the determination of the survivor in the competitive struggle. It is true that when these unfair practices are employed by powerful competitors against financially weaker rivals, then competition ceases to be conditioned by industrial efficiency. But this merely means that each party tries to turn the competitive struggle into the channels in which it is preëminent. And it could surely be anticipated that the prevention of unfair methods would operate to reduce the influence of financial power, sharp practices and deceit, and increase the elements of productive efficiency and social service in the competitive struggle. But the essential relationship between competition and monopoly is not touched upon, and it is urged that this is not affected by the question whether the competition is in terms of productive efficiency, or in any other terms.

Indeed, if the view presented is a correct one, then the so-called unfair practices are typical of all capitalistic industry. For they consist not so much of certain acts, as of an interpretation of acts in a given set of circumstances. Price-cutting, for instance, is "unfair" only when it is practiced by a powerful competitor with a view to ruining a financially weak, though perhaps efficient, competitor. Yet ordinarily price-cutting is the chief aim of the competitive system. Manipulation, exclusive sales, rebates, black-lists, bogus independent concerns, are all "unfair" only when they increase the chance of survival of the inefficient.

[1] POLITICAL SCIENCE QUARTERLY, vol. xxix, p. 282 and p. 460.

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But we have seen that in capitalistic industries there is a powerful incentive for granting special conditions when necessary to increase the volume of business, even though the business so acquired may not pay its full share of overhead costs. The legitimate aims of increasing the profits thus merge insensibly into the practices of unfair competition.[1] Furthermore, competition among highly capitalistic rivals tends to become destructive even when carried on in terms of productive efficiency. For an increase of production is doubly desirable in reducing the proportionate fixed charges and hence making possible even further reductions. It is concluded, therefore, that the prevention of unfair competition is, at best, limited in scope to assuring the survival of the productively efficient, and that it does not alter or lessen the forces in capitalistic competition which are operating to bring about monopoly.

As at present developed, the whole industrial mechanism is in chaos. The monopoly which has evolved may or may not be a social benefit. The existing practical problem necessitates a decision on the questions (1) in which stages of production monopoly shall be permitted and recognized, and (2) in which stages the regulations shall be framed with a view to enforcing competition on a basis of efficiency. That this is an enormously difficult question and that it involves vast interests and changes is not denied, but an evasion of the decision does not alter or prevent the growth of monopoly. It merely renders this growth dependent upon chance and private interests, rather than upon national necessities and welfare.

O. W. KNAUTH.

PRINCETON UNIVERSITY.

[1] From this fact arose the difficulties which Congress encountered in its enumeration of prohibitions in the Clayton Act, and the necessity which it found itself under to add conditioning clauses, which apparently render the prohibitions innocuous.

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THE CONTROL OF RETURN ON PUBLIC UTILITY INVESTMENTS

ACTIVE regulation of public utilities has become quite generally established in this country, and for the most part has probably justified itself. The purpose and methods of regulation, however, have not been very clearly conceived or definitely worked out in the form of legislative policies. The theories underlying regulation have not been thoroughly and consistently developed, and their practical application has been unduly laborious, spasmodic and indefinite. Our commissions have doubtless been tremendously busy, and have been quite generally actuated by genuine public interest, but they have been hindered in their work by lack of legislative authority and they have been overwhelmed by excessive responsibilities, inconsistent duties, and strangling details. They do only what they are authorized by law, but the statement of the law is usually so general and vague that practically they must resort to interpretations and thus come in conflict with the views of the courts. While they possess combined functions of legislators, administrators and courts, they have not the power to construct a clear and logical plan of regulation that will work systematically along clear lines of common sense.

It is true that the development of sound policy and of efficient administrative machinery requires time. A complete regulative policy could not be evolved by a closet philosopher. It must necessarily grow out of experience. But we have now an abundance of accumulated experience, which should be thoroughly analyzed and on the basis of which our policies should be re-stated along desirable lines. The purpose of this paper is to point out the fundamental difficulties in present procedure and to suggest how they may be reasonably overcome, so as to establish clearly defined relations between the companies and the public, free the commissions from present irksome and irritating details, and make possible important constructive work in behalf of the public service.

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I

Both the Interstate Commerce Act and the various public-utility laws of the different states deal with regulation primarily from the standpoint of rates, either neglecting entirely, or treating only incidentally, the regulation of return to investors. In practice, however, the regulation of rates has involved the return to investors to such an extent, and public discussion has centered so much around it, that regulation of return, rather than of rates, has become the primary and more important consideration before the commissions. But the entire policy or procedure in regulating the return to the investors has been tacitly and indirectly left to the determination of the commissions—duly restricted by legislative indefiniteness and conservative judicial control.

The Interstate Commerce Act makes unreasonable rates illegal, forbids various forms of discrimination in rates, and gives the Interstate Commerce Commission power to fix reasonable rates. Nothing is said as to the regulation of return to investors. The Public Service Commission Law of New York, for years perhaps the most carefully constructed public-utility act in the country, likewise provides chiefly for the regulation of rates, requiring that they be reasonable and non-discriminatory, and giving the Public Service Commission power to establish reasonable rates. It provides only incidentally that, in the determination of rates, the commission shall have due regard to the fair value of, and to a reasonable return on, the property of the company. In like manner, all the public-utility laws, patterned more or less after the federal and the New York acts, provide chiefly for reasonable rates, and make little or no reference to control of return on investment.

It is quite clear, however, that an excessive return to investors is usually the determining element in the conclusion that any schedule of rates is unreasonably high. A commission in exercising its authority to prescribe rates may not make the schedule so low as to result in confiscation of property. The investors are entitled to receive a fair return on the property devoted to the public service. Consequently, in any important rate case, the primary question before the commission is the rea-

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sonableness, not of the rates, but of the return which the rates will bring. This determination must be reached by the commissions with practically no guidance in the statement of the law, and with no grant of authority to institute a thorough-going and consistent policy from their own conception of what is desirable. Moreover, in any endeavor to form such a conception they are limited by the decisions laid down by the courts. Although to establish regulation is clearly a legislative function, the commissions are hampered by the lack of a definitely formulated legislative policy and are compelled therefore to submit to judicial restriction—which has resulted in obstruction to, rather than construction of, a clear and sensible method of control.

It seems to the writer that the time has come when the importance of the regulation of return should be recognized and provided for directly by law. To formulate a policy would be a simple matter. The general terms could be easily expressed. It seems absurd that we should continue indefinitely through the future with the present ill-defined methods. If we wish to control the return on public-utility investments, why not declare the fact through legislation and provide directly the machinery of control? If we regard public-service corporations as really public agencies and consider their investment as quasi-public loans, why not establish the fact clearly in law and then proceed with positive regulation accordingly? Why continue blundering by indirection, when we can proceed by direct methods?

II

The first important step in a rate case is the determination of the investment on which the company has a right to earn a return. This requires the valuation of the property devoted to the public service. Nothing is said in the law as to the basis on which the valuation shall be made. There is simply the general judicial declaration that a reasonable return must be allowed on the fair value of the property used in serving the public. The proper procedure in a case is unclear and indefinite. This naturally incites the hostility of the company toward

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the commission. The interests are made needlessly antagonistic. The commission's time is wasted in routine, in long hearings and deliberations, which usually result in a compromise decision, leaving still undefined the relation of the public to the investors in the utility.

The only guiding principle is *the fair value of the property.* But what is *fair value?* The moment this question is raised, the flood-gates are opened to indeterminable arguments and discussions. The company's theory in a case is naturally altogether different from the commission's. It will contend that fair value means actual market value or exchange value, which, of course, is based on earning power, and which if accepted in a case would defeat all regulation except such as would result in no diminution of return. Undoubtedly the courts do not mean exchange value, but rather fair valuation for rate control—a cost and not a value category. But this is a matter of interpretation and has been the subject of much acrimonious discussion. Still, this matter has been pretty well threshed out, and the conclusion seems to be that it is a fair *valuation* and not the *value* of the property on which return is to be primarily based. But what is a fair valuation? Shall it be actual cost or the cost of reproduction of the property? Shall any deduction be made from cost new to provide for the age, wear and tear of the property? What provisions for intangibles, interest and taxes during construction, engineering and organization expenses and similar items? What allowance for developmental expenses? Should any addition be made for deficiency in return during the early years of operation? To what extent should deficiency in return be capitalized against the public? What allowance should be made for working capital? Are there any peculiar features in the valuation that deserve special consideration?

Every step in the course of the valuation constitutes debatable ground, and thus it is that an important case drags along through weeks and months, and runs into years before a decision is finally reached. But, when all the important matters have been threshed out in great detail, it often happens that the decision represents a rough compromise, based but remotely on

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the facts that were laboriously accumulated and over-seriously discussed in the course of the hearings. And after all the effort, nothing is definitely settled for the future. If the company accepts the rate schedules as determined by the commission, it proceeds with operation as before, making all the profits that it can under the new conditions, and continuing on its books the same property values that it had before the case was started. If in the future, because of inventions and the growth of population, the return obtained by the company again seems unreasonable and a movement for a reduction in rates is started, the laborious process of a rate case must be repeated. The earlier valuation will be of little assistance; the composition of the property will have changed, the level of prices will have shifted and new special considerations will have arisen. Nothing permanent is gained by the valuation in determining the equitable relation between private investors and the public.

This procedure is too irregular and spasmodic. To be effective, the regulation of return should be automatic and consistent. The company's accounts should show definitely at any time the investment on which a return is allowed. The valuation should not be a shifting matter, varying with time, place, and other circumstances. It should be a definite thing, which should be regularly determined as a matter of accounting between the company and the public. If we do not accept this idea in our system of regulation, there is little use in the detailed accounting requirements that we impose on the companies or in the attempt to regulate the return earned by the companies. The investment on which the return is based should be an exact thing, fixed practically by agreement between investors and public, subject to precise accounting, involving no debatable factors. It should not require any of the commission's time for deliberation and determination. This should be but an incidental and self-operating process in the course of regulation.

For new companies and for future investments, the process could be made very simple. First, a definite legislative policy should be enacted, stating clearly that the return allowed shall be based on actual investment. Then, in determining the valuation, we should have simply a question of accounting.

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Every increase in investment would be recorded, and at every point the total amount entitled to a return would appear exactly stated, not subject to any dispute.

The difficulty in the suggestion appears in connection with existing properties. In most cases, the actual investment is not shown by the company's books. While the property accounts may be kept in detail, as required by the commission, the amounts originally charged to the accounts may have represented to a large extent merely the issue of securities and not actual expenditure of money or equivalent sacrifice. Also, in the course of operation, as plant was retired, the property accounts may not have been credited with the original cost of the retirements although charged with the cost of the replacements. Thus the fixed capital accounts may show a greatly inflated valuation as compared with actual cost incurred for the benefit of the public. Likewise, if we turn to the other side of the balance sheet, looking to securities outstanding as the measure of investment, we again strike the possibility of overcapitalization—stocks or even bonds issued without equivalent cash put into the business. Book values, therefore, can seldom be taken as representing fair investment. For existing properties a special valuation is essential before regulation of return can be made the automatic process that is desired.

It seems, however, that we should nevertheless face the problem squarely and make regulation the definite thing that it ought to be. Two steps are essential. First, we should determine a clear legislative policy as to valuation, so as to avoid floundering under the uncertain court decisions. The policy should be as simple as possible, definitely meeting, however, the various contingencies. Consistent with future investment policy, it should perhaps be based on the actual cost, or more precisely, the installation cost of the property in service, with due regard to accrued depreciation. But there would be no inherent difficulty if cost of reproduction were adopted. The important consideration is to establish a definite basis, which is conceived fairly along broad lines of justice and social expediency. It is not the purpose of this paper to discuss the relative advantages of the different bases of valuation, but to emphasize

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the importance of adopting a single, definite one, and of avoiding the multitude of present uncertainties in an appraisal. But it should be emphasized that in our efforts to be just to the companies we should not unduly hamper practical and fairly rapid procedure. Broad, not narrow personal, justice should be the standard.

The second step essential in making the determination of investment an automatic process is to place an official valuation, according to the general policy adopted, upon every public-service property under the control of the commission, and to require the results to be taken upon the books of the company. Each property or fixed capital account would then show the estimated cost of the particular class of plant or equipment, and the sum of the accounts would show the cost of all the property in service. Then, for the future, as units of capital are retired, they should be credited, and all replacements, additions, and betterments should be charged, to the property accounts. Also, the accrued depreciation at the time of the official appraisal should be fairly determined and entered upon the books as a credit reserve, and then for the future regular provision should be made for depreciation. The net valuation at any time entitled to a return would be the sum of all the property accounts, including both fixed capital and current assets, less the accrued depreciation as shown by the reserve, and less all current liabilities not viewed as capital obligations. The valuation would be a definite thing all the time. There could be no possible disagreement between the investors and the public.

To make a physical valuation of all the properties under the jurisdiction of a state commission would, of course, be a tremendous undertaking, involving large expenditures of money. The question is simply: would the outlay be justified by the advantages obtained? No final mathematical proof can be presented that the gain would justify the cost. To the writer, however, there appears no doubt in the matter. The decision really must rest on what we want. Apparently we have determined upon the course of regulation, and we should not be willing to return to the old *laissez-faire* conditions. But, if we

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intend to regulate, we should formulate a clear policy making the process as simple and automatic as possible. Further, although for the most part we are proceeding on the course of regulation, there are already numerous experiments with public ownership, and the number will doubtless increase from year to year. Whether public ownership and operation will finally replace the system of regulation, no one can tell. But we should give reasonably free opportunity for experimentation. The valuation policy adopted for regulation should be followed entirely when in any case public ownership is undertaken. The public should be practically free to decide whether to pay interest in a different form under complete public ownership and management. In other words, the same valuation used for the purpose of regulation should properly be employed in the purchase of the property by the public. If this matter were definitely settled, while there would probably be great opposition while the policy was under discussion, we should doubtless avoid a great deal of difficulty in the future, as the purchase cases come up for adjustment.

A general valuation of public-service properties would doubtless serve a long-sighted use in the future. But under present conditions huge expenditures are being constantly made on account of valuation. Every important rate case means an outlay of hundreds of thousands of dollars for the purpose of the appraisal and the hearings before the commission. If we continue with the present methods, these expenses will continue without giving us effective regulation. As already stated, the present valuations have no permanent importance. We may raise the question whether in the end merely in the matter of cost the immediate general appraisal of public-service properties would not be much less expensive than the piecemeal procedure that we are now following.

In regard to this question, the present experience of the Interstate Commerce Commission with the physical valuation of railroads is somewhat discouraging. The first estimated cost of the huge undertaking was near $5,000,000; now the amount promises to be $20,000,000; and there are those who believe that $50,000,000 will be the ultimate outlay. Perhaps the

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investigation of the commission is more elaborate than necessary. If a clear and definite, a simple but broadly just, valuation policy had been adopted, much of the work that is being done would not be necessary. Under the terms of the law, the commission is required to provide figures for the original cost of construction, cost of reproduction, actual investment, depreciation, and other matters. The difficulty of framing the law was that there was no clear purpose for which the results of the valuation were to be used; consequently more details were required than would be necessary if the clear object had been merely the determination of investment entitled to a return. As things are, various sets of figures will be provided, and the use to which they will be put will depend upon what policies are later determined upon.

Suppose the final cost of the railroad valuation should prove to be $50,000,000. This after all would probably not constitute more than one-fifth of one per cent of the valuation. The justification of the expenditure would depend on the use made of the figures. If they should be employed for determining the definite value entitled to a return, and if then regulation should be made automatic, as desired, the huge expenditure would undoubtedly prove a very profitable social investment. But it must be admitted that according to present appearance no definite use will be made of the results, and the expenditure promises to be largely a social waste. Will Congress be willing to adopt a policy of regulation which really controls?

III

The second important step in a rate case is almost as indefinite and as provocative of ill-feeling between the commission and the company as is the valuation of the investment—namely, the determination of the rate of return allowed on the official valuation. In general the rate is usually intended to be fixed at a figure which will induce investors to provide the necessary capital for reasonable improvement and extension of the service. Consideration is given to various market conditions, including the risks involved in the business and the section of the country in which the property is located. The purpose is to allow a rate which conforms fairly to actual conditions.

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On its face this practice would seem reasonable enough. Actually, however, while it does not directly involve huge expenses as does the fixing of the proper valuation, the result is exceedingly uncertain and unsatisfactory. The first criticism is that the rate fixed in any case may vary greatly—for example, between 6 per cent and 8 per cent or even 10 per cent. What is a fair rate? How may that be concretely determined by abstract consideration? How may the actual prevailing market rate be found without actually raising capital for the company concerned? When various general matters have been discussed from a multitude of angles, the rate that is finally determined is likely to be based chiefly upon the feelings of a group of gentlemen whose conclusion may rest more upon their past or special associations than upon actual market conditions. A difference between 6 per cent and 8 per cent in a case would not be viewed with great concern—either would be regarded as constitutionally reasonable—but there would be a tremendous difference in the total return collected from the public. If 6 per cent is the reasonable rate, then 8 per cent is not, and 6 per cent should be the maximum allowed, and the determination should really be based on market conditions and not on the opinion of a small group of not omniscient men.

Other criticisms of present practice may be made. First, the rate is always likely to be considerably higher than would be required to attract capital on a straight investment basis. Apart from the usual need of reasonable liberality, leaving a margin between what would appear absolutely right in a case and what still might be fairly justified, the rate of return is usually based upon the investment through the issue of stock and not of bonds. Ordinarily a company raises at least fifty per cent of the required capital through the issue of bonds at an effective rate of interest of from 4½ per cent to 5½ per cent. If the capital were obtained through the issue of stocks, the return required might well be 7 per cent. If the latter then is taken as the fair rate in a case, and if half of the actual investment was actually made through bonds at 5 per cent, then the stockholders would be getting a return of 9 per cent, on the assumption that the valuation in the case was fixed at the

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amount of the actual investment. Clearly the rate of return allowed would be considerably higher than necessary to attract capital. Of course, the kind of securities covering the property might well be considered in determining the rate of return to be allowed, so that, in the case assumed, 6 per cent would be permitted on the valuation, which would provide 5 per cent for the portion of the investment covered by bonds and 7 per cent for stocks. Still, the commission, although entirely unprejudiced, would usually not make this distinction.

A second criticism, which to the writer appears fundamental, is that while the rate of return allowed on future investments should be high enough to attract capital, there is no reason why the same rate should apply to the existing investment. For the latter, the reasonable rate would be the one required at the time the investment was actually made—the implied promise that induced the investment. Suppose that the bulk of the capital in a case was provided fifteen years ago, when the actual rate involved in the issue of securities was, say, 4½ per cent, while now when the case is before the commission the market rate is 6 per cent. To be sure, to attract necessary capital for improvements and extensions, 6 per cent would have to be allowed, that is, for the future, but what reason is there to permit 6 per cent on existing investment which was made on an implied contract with the public on a 4½ per cent basis? The situation might be the other way about. Suppose that a new property is developed during the next five years with the capital obtained on a 6 per cent basis, and that later it will be involved in a rate case when capital could be raised at 4½ per cent. Should the latter then be the rate actually allowed on the entire valuation in the case? Would this be broadly fair to past investors? If the nature of the securities were to be disregarded, the company might be rendered insolvent, for the net earnings allowed might not be sufficient to pay the contractual interest on the bonds outstanding. As a matter of policy, we may ask whether it is practicable or reasonably expedient to shift the rate of return on the entire investment with every change in fundamental market conditions.

A final criticism—though still others might be made—is that

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the return is somewhat definitely fixed only for a year or two immediately after the decision in the case. The practice, as is well known, is to fix the price that the company may charge for service at such a figure that the gross revenue will cover immediately for the future all operating expenses and full return on the investment at the rate fixed. The result, therefore, is usually that, in a growing community, with the expansion of business the rate of return realized by the company on its investment increases year by year. In the course of time the return will become clearly excessive, and a movement will be started for another reduction in service rates. Then the company's attorneys will burst with eloquence showing that the profits have been due to special economies, wise administration etc., that to reduce the existing fair rates, which were fixed by the commission, would not only be grossly unjust to the company but would be destructive to good service, and would remove the natural spur to efficiency and progress!

Our entire procedure in fixing the rate of return, as in determining the amount of the investment, is too indefinite and spasmodic. It controls in a haphazard fashion and is bound to arouse hostilities between the commission and the companies. The matter should work automatically. A clear policy should be established. The rate of return should be definitely fixed, actually based on market conditions, really providing control of return on investment, not recurrently requiring the expense and annoyance of a rate case.

The purpose of this paper is not to argue for any particular single method of control, but merely in general to outline how real control may be obtained. For future investment, the policy could be simple. To the extent that capital is raised through the issue of bonds, the matter would take care of itself. As the mortgage is drawn up, the rate of interest on the par value of the bonds is fixed, and then as the securities are sold, the proceeds realized would vary with the rate of return required by investors. The return would thus be a definite thing, fixed on a clear contractual basis.[1] As for future investment through

[1] The accounting would be determined according to usual present requirements.

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the issue of stocks, the procedure would probably best be made the same as for bonds. The return on the face value should be definitely fixed at a rate (say, at 6 per cent) that will approximate the market at the time the new régime of regulation is introduced, or at the time the stock authorization is provided. Then, again, with changing market conditions, as the stock is actually sold, the price realized would be above or below par according to market conditions at the time of the issue.[1] The difference between bonds and stocks outstanding would simply be a matter of risk. The price or rate for service should be fixed, if possible, so as to permit the full return on the entire investment. But if the business should not be capable of supporting in full the entire amount, the interest on the bonds would constitute, as now, a prior claim against income. For this reason, the rate of return on which bonds would be issued would be lower than the basis of the stocks. The difference in risk should be clearly stated in the policy of control, and then the rate of return on which the securities could be issued would be determined on the market accordingly.[2]

The bonds as issued would be credited at full face value to the funded debt account; the proceeds would be charged to cash or other prescribed property account; the difference between the face of the issue and the proceeds realized, would be a discount or premium, entered in a special account for the purpose. The discount or premium would be amortized through income during the life of the bond, so that at maturity the total actual investment in property through the security issue would be brought to equality with the full amount of the bonds to be retired. The investment value at any time would be the par of the bonds, plus or minus the unamortized portion of the premium or discount. On this amount the interest payment would be equal exactly to the market rate on the basis of which the bonds were floated.

[1] The accounting would be similar to the case of the bonds. The par value of the issue would be credited to the capital stock account; the actual proceeds would be charged to the required property account; the difference between the par of the stocks and the proceeds would be entered under a special discount or premium account. The discount or premium would not need to be amortized, for the stocks would not be expected to be retired. It would be necessary, of course, so far as public utilities are concerned, to change the present general legal requirement that capital stock may not be issued below par. With the commission controlling the issue of securities, also the return on investment and all accounting procedure, there could be no possible danger in abandoning a requirement which has not prevented over-capitalization in the past!

[2] The policy could, of course, be adopted, guaranteeing, to the extent of the tax power, the full return on investment. Then all the securities issued would constitute

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As in the case of the valuation, so in the fixing of a definite rate of return, serious difficulty would be incurred in the adjustments required as to existing investments. In so far as we have to do with bonds, the rate of return would be already established; the equities would better not be disturbed, unless complete valuation of the property should not be sufficient to support the bonds outstanding. For the portion of the investment covered by stocks, however, more or less arbitrary provisions would have to be made. Perhaps the simplest plan would be to determine what is the *earning value* of the stock. This would be the total valuation of the property, less the value of the bonds and preferential securities outstanding. On this amount a fair rate of return would then be fixed, and the amount of the return might be pro-rated over the par value of the stocks outstanding to determine the legal dividend rate.

For illustration, let us assume that in a given case the complete property valuation, with full provision for working capital, is $1,000,000; that the value of the bonds outstanding is $600,000 and that the par value of the stock is $1,000,000. The earning value of the stock, therefore, would not be the par of $1,000,000, but $400,000—the difference between the valuation of the property and the amount of the prior securities. Suppose that the reasonable rate of return were stated at 6 per cent on earning value. The return to stockholders would be fixed at $24,000 a year, which would be equal to 2.4 per cent on the $1,000,000 par value of the capital stock outstanding. This rate of return should be made permanent for the future.[1]

A more drastic scheme would be to require recapitalization

a special form of municipal or state obligations, and the rate of return on which they could be issued would be determined accordingly. With the proper increase in control by the commission over investment and operation, this probably would be the most desirable plan.

[1] The accounts should be adjusted accordingly. The property would, of course, be entered according to the valuation, with adjustment for accrued depreciation. The stocks would be shown at full par value with a debit offset equal to the excess of par over earning value. It would be desirable to provide for at least two grades of capital stock: that outstanding at the time definite regulation was established and that subsequently issued. The former would usually bear a lower rate of return on par value than the latter and might well be given preferential rights.

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at the time the valuation is made, so that the securities outstanding would be equal to the earning value of the property. Subsequently, as new issues are marketed, they would represent actual investment entitled to return. In this way, the securities, together with discount and premium accounts, would show all the time the official investment on which the public is paying a return. Recapitalization could be accomplished without inordinate expense. In most cases, no serious difficulties would be encountered. In the case above assumed, the $1,000,000 capital stock would simply be replaced by $400,000. The bonds and mortgage rights would not be disturbed. No one would be injured. Each stockholder would get a return to which he would be reasonably entitled. In place of a return of 2.4 per cent on a par value of $1,000,000 he would receive 6 per cent on $400,000. He would have the same equity, but the par value would have a clear investment significance.

The policy should state clearly, in case a company is poorly located, whether any deficiency in return is to be carried forward as a cumulative claim against future years, or whether each year should stand on its own earning power. The service rates in force should be liberally or freely fixed, so that the full return may be secured if the business is capable of earning it. If each year's return to the investors may be taken only out of the year's profits, or at best only out of surplus definitely accumulated for the purpose of payment during lean years, then the rate of return required on the issue of securities would be greater than if deficiencies may be temporarily capitalized until they can be made good through future earnings. It would probably make no great difference which of the two policies were followed, but one or the other should be definitely established, so that the investors may know clearly the rights of their holdings.

A question may be raised as to what should be done with any part of the return that is reinvested in the business. The policy should be specific on this point. The amount might be added to the investment and a return allowed on the full addition. The rate might be the same as for the par value of the stock. This matter would present some difficulty in proper

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adjustment in case the value of the stock is above or below par. Stock dividends might be issued on the basis of the market value of the stock. But if the return were definitely limited on all securities outstanding, probably no part would be reinvested in the business. The full amount would probably always be paid out as it matured, precisely as now in the case of bonds and preferred stocks. If new funds are needed, there is no particular reason why they should be obtained through the retention of income due to investors instead of the direct issue of more securities. A liberal policy as to surplus should, of course, be followed, but this would not need to affect the equities of the security holders. A reasonable surplus might well be accumulated out of general earnings without diminishing or increasing the return due to the investors.

It should be pointed out that in the scheme presented we should look for the investment entitled to a return, not primarily to the property accounts but to the funded debt and capital stock outstanding. Present practice in rate cases is just the reverse. This is due chiefly to the fact that the par value of the securities outstanding usually far exceeds the fair earning value of the business, and in a special appraisal the property may be more satisfactorily valued than the outstanding securities. But if the stocks and bonds represent actual investment, if their issue is definitely regulated, and if the return is fixed, there can be no possible danger of allowing a return on over-capitalization; looking at the securities instead of at the property would furnish the more convenient view of the investment.

To establish the regulation of return as here outlined would doubtless be costly, but it should be emphasized that control would be definite and automatic. The expense would be simply an initial one; it would not be recurrent, as is true in present rate cases. On investments made prior to the initiation of the system, reasonable return would be determined as equitably as possible in an indefinite situation. For future investment the return would be contractual, fixed by agreement between investors and the public. Service rates could be fixed or allowed to be determined so as to give full opportunity to pay the stipulated return, and any excess income above a reasonable surplus should

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go to the municipality or state, or in the case of railroads to the federal government, in the form of a franchise tax.[1]

IV

The chief advantage of the proposed plan is that regulation of return would become automatic. It seems worth while to consider especially the matter of depreciation, which is a tremendous bugbear under present conditions. In a given case, it is not always clear whether in fairness to the company accrued depreciation should be deducted from the valuation-new of the property. If it is to be deducted, then should the amount be determined on the straight-line method, the sinking fund, the inspection, or the functional method? The particular method used may involve a difference of many thousands of dollars in the final valuation. Even in the use of a single method, the results would vary greatly according to the person using it or the fundamental facts upon which the calculation is based. There is opportunity for endless discussion of technical matters whose final determination cannot be other than arbitrarily made. Further, even if the company for many years has been making regular charges to operating expenses on account of depreciation and has been building up a depreciation reserve, this fact has no particular bearing on the valuation, and, when the case is finally disposed of, neither will future allowance for depreciation have any special effect on the valuation and the control of return. If the company should again be involved in a rate case, the situation would be as indefinite as before.

If the policy here outlined were adopted, there would be no

[1] It is beyond the scope of this paper to consider the actual fixing of service rates. But in line with earlier papers published by the writer, it may be briefly suggested here that in the case of the simpler utilities, like street railways, the rates might be fixed almost altogether on the basis of cost. In the more complex utilities, like power, telephone, telegraph, and especially railroad companies, chief consideration should be given to commercial conditions; the rate may better be fixed along broad lines of "what the traffic will bear." No advantage could accrue to the companies from such a policy. The commission, freed from the routine of present rate cases, could take a more direct and intelligent part in the broad consideration and actual fixing of rates. *Cf.* "Return on Public Service Properties," POLITICAL SCIENCE QUARTERLY, vol. xxx, pp. 254–276.

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uncertain financial relations between the company and the public. To be sure, in the appraisal of the existing property, there would be the difficulties already pointed out. If an official valuation were once established and the company's books were re-written accordingly, for statistical purposes we should probably find it desirable to state in the property accounts the cost new of the property in service and to set up a credit reserve to cover the estimated depreciation. When the valuation and the adjustment of the accounts were once completed, then for the future the treatment of depreciation would be a simple matter. Present methods of allowing for depreciation, and of accounting, could be satisfactorily followed.[1]

It would still be desirable to make reasonable allowance for depreciation in accordance with the expected life of the property in service. Adequate but not excessive provision should be made. Still at best any allowance would represent only a more or less justifiable estimate. But under the proposed scheme, the company would neither gain nor lose through excessive or inadequate provision. In any event it would get exactly the same return, except perhaps in extreme cases. The investment on which the return is based would not be affected.

At present, however, the depreciation provision may affect the welfare of the companies considerably. Suppose that in a given case the profits have been high and a movement for rate reduction is feared. The company in order to cover up excessive profits may increase its charges to operating expenses on account of depreciation. The profits shown will then be

[1] Estimates would be made on an annual or monthly basis for wear and tear of property; the amount would be charged to operating expenses and credited to the depreciation reserve. When plant and equipment are installed, the cost would be charged to the property account; when retired, it would be credited to this account at original cost, and charged to the depreciation reserve. The balance of the reserve then at any time would represent the portion of the cost of existing property that has been charged off to operating expenses (except the part of the reserve set up in the accounts at the time of the official valuation). The balance of the property accounts, less the depreciation reserve, would represent the valuation of the property on which a return is allowed; this amount would be equal to the securities outstanding on which the fixed return is based. (Adjustments, of course, would have to be made for premiums and discounts.)

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considerably diminished, the rate case will be deferred, and the property will be built up year by year through the excessive charges to operating expenses. The depreciation reserve in such a case will represent increase in investment instead of only properly accrued wear and tear of existing property. If later a rate case arises, the valuation will be based not on the company's own direct investment, but presumably on the reproduction cost of the property then in service. This means that the company would get a return upon property which was constructed out of funds contributed by the public through excessive rates. It would get a direct advantage from the unjustifiable depreciation charges. This situation is clearly absurd. If the rates were excessive, the company should not be able to profit from their continuation merely by covering them up by unjustifiable manipulation of operating expenses.[1]

Under the proposed plan, as already stated, no advantage could be derived by the company through unreasonable depreciation charges. The only objection that could be made against excessive depreciation charges is that the property would be built up at the expense of present consumers for the benefit of future consumers. To some extent such a policy might be desirable, but it should be followed openly, not covered up through improper charges to operation. But, if at any time the provision for depreciation should prove to be excessive, so that the accumulated reserve is to a considerable extent really surplus, no particular harm would have been done. The public would get the benefit later, and in the meanwhile the company would reap no undue advantage.

On the other hand, if the depreciation charges are inadequate, again the company's interest would not be affected under the proposed plan. There would still be the fixed return on actual investment, neither more nor less. The effect of inade-

[1] The company could doubtless even declare a special dividend out of the excessive depreciation reserve. The commissions apparently have no special power over the reserve, nor over the declaration of dividends. If, at any time, say just as a rate case was threatened, the company decided to declare a special dividend, it could not be prevented if it could reasonably establish before the court that the reserve was really surplus and not merely accrued wear and tear of property.

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quate depreciation allowance would fall wholly upon the public. Present consumers would not contribute their reasonable share toward the maintenance of the property, and the burden would fall correspondingly more heavily on future consumers. If for a time provision were inadequate, the matter would not be serious, but, of course, such a policy could not be followed indefinitely without affecting the service and ultimately placing very heavy burdens upon consumers. It would be wholly a matter of reasonable adjustment between present and future consumers.

In extreme cases, of course, the property might be so run down through neglect that in the end it could not be properly restored through increased rates to consumers, and loss might fall upon the investors. But, usually, long before the situation would become serious, the fact that inadequate provision was being made for maintenance would become apparent, and the deficiency would be made good. The allowance for depreciation is bound to be more or less a matter of guess; adjustments must be made from time to time. If the provision at any time should prove somewhat excessive or inadequate, the correction would be made later, and would not be a serious matter to consumers. The important thing is that the interest of the investors should not be affected by the situation.

Likewise, as to ordinary repairs and other operating expenses, the interest of the company would not be affected, whether they are properly charged to income or to capital account. If the latter, while the net operating income shown would be inflated and the property accounts overstated, the company would still get simply its fixed return upon a definite valuation. The effect would be that the public's share in the profits would be overstated; the public would be taking income where really there was none. A persistent policy of this sort would, of course, wreck the utility and bring loss to the company. Ordinarily, however, it would again be merely a question of proper allocation of expenses between present and future generations of consumers. It would be as essential as now to follow proper operating and accounting methods. But in practice the correct course is not always precisely clear, so that if temporarily wrong charges were made the

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situation would not be serious, and the investors would still get the stipulated return agreed upon. And there is perhaps reason to suppose that if the companies can derive no advantage from unsound accounting or financial arrangements, they would have less difficulty in following reasonable standards as to depreciation, general maintenance, and the proper statement of expenses.

V

An incidental advantage in the proposed plan is that public-utility securities would be placed throughout upon a sound investment basis. Speculative features would be removed. Public-utility bonds even now form first-class investments. In a rate case they are likely to receive full protection. They represent a definite return and usually involve very little risk. The situation, however, is altogether different as to public-utility stocks. These are now primarily speculative securities. They are usually held not for the sake of straight investment, but for the sake of control of the property. When new funds are required for the extension and improvement of the service, bonds and not stocks are usually offered to the investing public. In most cases, stocks could not be sold for such purposes. They involve too many uncertainties to attract the general investors. They constitute more the promoter's than the investor's securities. And here doubtless is one of the great difficulties in present control of public utilities—the speculative hostility to interference with a free course of exploitation. If all securities were placed on a straight investment basis, there is every reason to suppose that the present opposition toward the commissions would largely disappear.

Under present conditions, the commissions quite properly do not trouble themselves in a rate case with the market values of the securities outstanding. In spite of the fact that we give a fair assurance that a reasonable return will be allowed on investment, purchasers of stock are left completely under the rule of *caveat emptor*. What is the value of their investment? Even if there has been no direct overcapitalization, i. e., if the stock has been issued for full par value, there is still the speculative

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element. If the earning power is high, so long as there is no reduction in rates, the excessive return over ordinary interest will naturally cause the market value to go above actual investment. Then, there is not only the ordinary business uncertainty of just what the excess return will be, causing the greater fluctuation in prices of stocks than of bonds, but there is also the additional uncertainty that a rate case may be instituted any time and the excess profits be cut off. So long as the rate reduction is deferred high profits will continue—but how long will the reduction be deferred? The question clearly affects the value of the stock and adds to its speculative features.

But even after the rate case has been decided and the profits have been cut down approximately to a reasonable return on investment, the adjustment is likely to be only temporary. As stated in another connection, the service rates at the time of the decision are fixed so as to bring full immediate return on the valuation. This means that with the development of business the net profits available to stockholders will increase from year to year, and will result in increasing stock values. In the course of time, if the return becomes again obviously excessive, a rate case will be instituted, the profitableness will be cut down, and the value of the stock brought back to its investment equity in the property.

We simply cannot escape the fact that the value of the stock at any time represents the discounted or capitalized expected income. As already suggested, the uncertainty of income of public-utility stocks is much greater than that of ordinary industrials. Purchasers and holders must consider, not only the earning power under existing service rates, but also the probability of rates being reduced and the net return greatly diminished. When the return is greater than ordinary interest on investment, the commission's right to reduce rates may be exercised. The investor, therefore, in estimating the value of his holdings, is compelled to guess at what the regulative authority is likely to do.

In so far as stocks are held by small groups of owners, who understand clearly the legal position of their investment, there is perhaps no very great harm in our haphazard regulation.

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Nevertheless, when returns have been permitted to reach an excessive point and have been allowed to continue unduly high for a long time, the owners of the securities naturally consider unjust and greatly resent the reduction of their income. They will honestly view the action of the commission as arbitrary and confiscatory. To be sure, they have never been legally entitled to more than just a fair return on actual investment. Consequently we may argue that if they have obtained more than the fair return, they have received so much more than they were justly entitled to receive, and therefore have no reasonable complaint against the reduction of rates. If they purchased the securities at more than fair value, they did so at their own risk, knowing the public right to reduce rates, and if they lose, they receive but a just penalty for their speculative venture.

To the writer, the above position, while it may be legalistically defended, seems based upon a rather narrow point of view, which is bound to breed private antagonism toward public interest. If we wish to control the return on utility investments, why not do so clearly, remove unnecessary speculative conditions, and avoid all possible clash of interests? While perhaps the bulk of utility stocks are held by speculative owners, who do not deserve a great deal of sympathy—but whose coöperation nevertheless should be enlisted for the public welfare—there are many holdings that were acquired for the sake of straight investment, and the owners would really suffer unjustly through a reduction in rates.

After all, ordinary investors do not know and cannot reasonably be expected to know the complex legal basis of utility operations. If a stock has been paying, say, 10 per cent dividends and according to existing conditions fairly promises to continue the rate, then a purchaser who in good faith has acquired the stock on that basis may be considered as having obtained a fair vested right. If then rates are reduced, he is caused to suffer unjustly and has a righteous complaint against the commission. In such cases the question may fairly be raised, if the value at the time of purchase was based on existing earning power permitted by the state, whether the investment should not be entitled to constitutional protection? Why, it

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may be argued, if the earnings had been allowed and if the stock had been purchased accordingly, should the state have the right to reduce rates and destroy the value of the investment? If investments are made in good faith, they should have reasonable constitutional protection. We cannot as a matter of fact expect purchasers to know all the fine legal theories surrounding their property. We should construct our policy in harmony with ordinary business understanding. Our method of regulation should be reasonably simple.

As conditions are, by the more or less arbitrary decision of a small group of men, millions of securities may be rendered worthless or they may be practically given the guarantee of the state of the full protection of their income. Take this situation. Several companies were consolidated ten or fifteen years ago, partly for the sake of avoiding competition, partly for the sake of effecting certain economies of operation. The relative equities of the different companies were adjusted through the issue of new securities based on the earning power of the individual companies. The total capitalization after the consolidation greatly exceeded the actual construction cost of the combined properties, but was equal only to the previously capitalized earning power of the combined companies.

Time has passed and has justified the wisdom of the consolidation. Not only the interest on bonds but regular dividends (say 10 per cent) have been paid on the stock. Now, in a rate case, what is the value of the securities? Will the commission have any regard for the circumstances that led to the consolidation? It may allow an intangible value equal to the excess earning power at the time of the consolidation over the so-called tangible property; but it may not, and probably should not. The transaction, however, was one of good faith; securities were not ruthlessly issued; the interest of the public was not flaunted. Still, hundreds of thousands of reasonably existing security values may be officially cut down, not because of clearly defined public policy, but because of the feelings of a small group of men.

The situation assumed here is, of course, somewhat extreme, but it nevertheless exists in many cases. On present properties

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the problem cannot be avoided, and it should be met along lines of broad public policy. But it seems the height of absurdity that such indefiniteness should be continued through the future. A policy should be enacted so that all public-utility securities shall have constitutional protection—so that if their earning power be diminished and their value decrease, the fact will be due to business conditions and not to the more or less arbitrary act of a regulating body. With such a policy, and with the service monopolized, and with construction restricted to the reasonable needs of the public, public-utility securities throughout would be placed among the safest and most attractive investments in the country.

If the plan here suggested were adopted, the regulation of the issue of securities would go together with the regulation of return and service rates. Capitalization cases would be greatly simplified, and the commission would be obligated to safeguard the return on all securities outstanding. The companies could gain no possible undue advantage through a new issue. In permitting an issue, the commission need consider only whether the funds are reasonably needed for the development of the business. It could center its attention on the really important consideration, the requirements of the service, and would not need to be concerned with any hidden scheme that the company might have in seeking the issue.

VI

A multitude of objections, of course, may be raised against the proposed plan. The principal ones are perhaps the following: (1) it would be costly to initiate; (2) it would involve a radical departure from present procedure and would be a step toward public ownership; and (3) it would greatly diminish or would destroy present incentive to economy, efficiency and progress in public-utility construction and operation.

As to the first objection, the reply may be brief. To place regulation on an effective working basis, so that there really would be control, would naturally be a costly undertaking. The question is wholly whether the costs would be justified by the results. As stated elsewhere, present regulation of return

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is also expensive, and the question becomes largely whether we prefer a large present cost with definite control, or practically equivalent future outlays with spasmodic regulation?

As to the second objection, it must be admitted that the present suggestion is radical, and that it is based to a considerable extent on the idea that in many communities the experiment of public ownership and operation is bound to be tried. We may rest assured that the past *laissez-faire* conditions in public utilities will never return. We shall have public regulation of some sort, or outright public ownership and operation. Existing regulation, while undoubtedly a great improvement over the past, is not satisfactory. The proposed plan, instead of hastening public ownership, may very well postpone it, by making regulation effective. Nevertheless, the door to economic experimentation should be left reasonably open. If anywhere, after careful consideration, we wish to try public ownership, why not? There should be no particular constitutional hindrance. The idea of the general welfare should control. If we should desire public ownership, the proposed plan would make the transition an easy matter. The valuation shown on the books of the company would constitute the purchase price of the property, and the entire organization could be taken over bodily by the public, or such changes could be made as desired. The public's duty to the investors would be clear: so long as mere regulation continued, the public would pay interest on the private investment, and if public ownership be undertaken the amount of the investment would be returned. Or the transition might consist merely in changing the form of securities; the investors would exchange their holdings for municipal or state bonds; or the certificates actually held might simply be transformed into public securities.

The third objection is really the rub in regulation; but it probably applies fully as much to existing conditions as it would to the proposed scheme. At the present time, there are plenty of cases where excessive service rates are covered up by padded operating expenses. Unjustifiably high salaries paid to the general officers of the company are matters of fairly common notoriety. If rates are high and if a rate case is feared,

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in so far as economy and efficiency follow the motive of profits, there is now no special inducement to progressive operation. It is only when a company has a hard time to exist, or when no prospective regulation is feared, that the hunger for profits can now serve as a direct force for economical conduct of business.

The writer has given the objection long and careful consideration. He has thought that a bonus system, or a division-of-profit scheme, or a sliding-scale method of rates as used in Massachusetts, might be desirable, so that besides the fixed return allowed on investment, the company might share in any additional profits due to efficient organization.[1] Any plan of profit sharing that may be offered, however, presents serious difficulties of management. It should be automatic and definite, and it should introduce no considerable speculative element in the investment. No scheme that has been suggested appears reasonably satisfactory. Everything considered, it seems that in so far as the criticism is valid—that definite regulation will interfere with progressive operation—we shall be compelled to accept the evil as one of the costs of the plan, to be balanced against the gains that we may expect to realize.

But the validity of the criticism may well be called in question. It is, of course, impossible to determine the matter finally, but it appears extremely doubtful that the profit motive as such has been the fundamental spur to improvement in public-utility or other enterprises. This is a long story and cannot be extensively considered here, but it is the point of departure between *laissez-faire* and modern social-service economics. Public-utility interests naturally take the view that permits private exploitation of public industry. What we wish, however, is such organization and management as will clearly result in the greatest social benefit. The scientific question in this connection then is, whether in present organization of industry the pressure for profits or some other motive is the controlling factor working for progress.

[1] *Cf.* "Returns on Public Service Properties," Political Science Quarterly, vol. xxx, p. 106, at p. 128.

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Frankly, no one can answer the question satisfactorily. Doubtless the love of profits must be credited with a considerable share in the general industrial advancement, but other motives, which have operated in a less hideous and therefore less obvious manner, probably deserve far the greater credit. It seems true that in our large industrial corporations today, efficient departmental organization rests only remotely on the pressure for dividends. The general officers, the heads of departments and the men throughout the organization coöperate together largely because they are in the spirit of the game and not because they must deliver certain returns at the penalty of their jobs. Efficiency seems to be the greater where the love for the game is left the freer, not constantly confronted with the spectre of profits. The spirit of the organization is always the chief consideration in efficient management; can it thrive where outside pressure for profits is directly and constantly felt?

There is no particular reason why the effective spirit in the working organization of the public utilities should be diminished merely because the public interest would be more clearly brought out in the management. Certain difficulties existing under present haphazard regulation would be avoided by the definite procedure. Efficiency and staff loyalty to the organization go together. As things are, the antagonism between the company and the commission brought out in a rate case results usually in ranging against the commission all the officers of the company and the entire personnel of the working organization. This happens because the issue appears directly as between the company organization and the public. But fundamentally this is wrong; really the case is between outside security-holders and the public; it really does not involve the company as a working organization. The public essentially owns the utilities now. The officers and the entire business organization are really public agents. Not only, however, is this fact obscured, but the contrary is made to appear through our present methods of regulation. The hostility to the commissions and the public is probably due fundamentally to the misconception as to who or what really constitutes the "company."

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If there are no special discouragements, there is no clear reason why the loyalty and spirit of the organization should not be enlisted as fully for the public welfare as for the dividends to unknown stockholders. If the commission were freed from the present rate cases, which breed hostility and emphasize discordant interests between the public and the investors, it could readily become a part of the company organization, share in the spirit of progress, and make the organization appear directly as a public agency. The commission should receive a greater share in the direct management of the utilities. It should have control over all extensions and additions to the property. It should have a place in the board of directors of every company, so that the enterprise would appear as primarily public and not private.

Under the proposed scheme the commission would be freed from the time-consuming rate cases and it would devote its energies to other important matters. It could then really become a part of the company. Rates could be effectively studied and applied without arousing hostility; no vested interests would be affected. Extensive or dominating control could be assumed over current operations. If a moderately liberal salary policy were followed in regard to the officers and staff organization, and if proper spirit of coöperation were shown, in the absence of any directly antagonistic interests, there is no clear reason why the efficiency of the working organization should be impaired. It would seem that the plan outlined would furnish the reasonable immediate step in desirable public-utility developments.

JOHN BAUER.

PRINCETON UNIVERSITY.

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AGREEMENT IN THE FEDERAL CONVENTION

EVERY American schoolboy has learned about the "compromises" of the Constitution, for they are set forth in every elementary text-book of American history. Investigation and research may have compelled us to revise a few time-honored notions on this subject, but it has only served to emphasize the element of compromise itself, for it has disclosed to us beneath many clauses of the Constitution which bear no superficial evidence of their true origin a genetic process of disagreement adjusted by mutual concession. A study of the proceedings of the Philadelphia convention which framed the Constitution shows that many of the provisions of that instrument which are seemingly straightforward and artless rest in reality upon compromises, often labored and tortuous. The scholarly editor of the records of the convention, Professor Max Farrand, does not hesitate to call the Constitution a "bundle of compromises.[1]" Without in the least questioning the truth of his statements or the soundness of his conclusions, it may be suggested that this emphasis of compromise has been due to the point of view from which the Constitution has commonly been studied and has tended to obscure a fact of perhaps equal significance about its formation: the element of agreement.

In the past the Constitution has been studied mainly by students of constitutional and political history, of government, and of law. They have been naturally interested primarily in such matters as the structure and powers of the federal government, its relations to the state governments, sovereignty, checks and balances, separation of powers, guarantees of private rights and immunities, and kindred subjects. But we live in an industrial age, and it requires no profound or extensive knowledge of current historiography to perceive that this fact is more and

[1] See Max Farrand, "Compromises of the Constitution," Annual Report of the American Historical Association for 1903, vol. i, pp. 71–84.

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more influencing our interpretation of the past. The signs are many and plain that Clio has grown weary of that trite dictum of a distinguished votary that "history is past politics." No doubt the "economic interpretation" of history, passing at times into the doctrine of economic determinism, has been overworked in some cases, but its claim has been securely established and must be recognized by all sober-minded students of the past. A beginning has been made in the study of the "economics" of the Constitution,[1] with the result that the older historical treatment of its formation upon which we were brought up has come to seem almost pitifully unsatisfying to us. We no longer believe with Jefferson that the Federal Convention was "an assembly of demi-gods," nor with John Fiske that the contest over the ratification of the Constitution was waged between the intelligent and the good on the one hand and the ignorant and the vicious on the other. No one can read much of the correspondence or pamphlet literature contemporaneous with the making of the Constitution without perceiving that powerful economic influences underlay the movement which resulted in its framing and adoption. Indeed these appear to have been the dynamic forces at work. It was not in order to set up a government which should conform to the teachings of abstract political science and the doctrines expounded by political philosophers that the delegates to the Federal Convention came together in Philadelphia in that memorable summer of 1787, but rather as practical men of affairs to put an end, if they might, to conditions which they regarded as intolerable—to free commerce from its shackles, to restore public credit and to provide security for private property. The conditions which they sought to remedy were primarily economic.

When the convention met, the people of the United States were divided into two factions or parties, with the division drawn along economic lines. The antagonism of rich and poor, creditor and debtor, merchant and small farmer, which was a commonplace of contemporary discussion, was a fact so

[1] Especially Charles A. Beard, Economic Interpretation of the Constitution.

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portentous as to arouse in the minds of intelligent observers the most serious apprehensions for the stability of American institutions and the future of American society. In several states the advocates of paper money were in control of the legislatures. Radical measures in the interest of debtors, interfering with the rights of property and contract, had thoroughly alarmed the wealthier classes throughout the union and done much to convince them of the desirability of a change in the system of government. Madison is authority for the statement that "the mutability of the laws of the States" was the principal cause of the meeting of the federal convention. Of these laws, he wrote:

> The injustice of them has been so frequent and so flagrant as to alarm the most steadfast friends of Republicanism. I am persuaded I do not err in saying that the evils issuing from these sources contributed more to that uneasiness which produced the Convention, and prepared the public mind for a general reform, than those which occurred to our national character and interest from the inadequacy of the Confederation to its immediate objects.

In others of the states the party of paper money and debtor relief had been beaten at the polls. In all there were large and discontented minorities, defeated for the moment, but cherishing a sense of injustice and oppression. At the very moment when the delegates to the convention were assembling, Massachusetts was just recovering from the convulsion of a desperate debtors' insurrection. Nevertheless this cleavage of American society along economic lines was scarcely at all reflected in the convention. The large majority of the delegates were lawyers, closely allied with the business interest of the country. The bondholder, the money lender, the merchant, the manufacturer, the land speculator were all generously represented at Philadelphia. The small farmer, the debtor, the advocate of cheap money were conspicuous by their absence. The convention represented the interests, not of the whole American people, but of one of the two parties into which the people were at that crisis divided. Disputes there were in the convention, it is true, and many occasions for compromise, but the most serious

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of these arose over questions essentially political, notably the controversy over the representation of the states in the proposed federal legislature. If one approaches the work of the convention from the point of view of government and political science, he will naturally be impressed by its compromises. But on the great economic questions at issue between debtor and creditor, farmer and merchant, there was little need for compromise, for there was little disagreement in the convention.

For the student of the Constitution as an economic document no clauses are more significant than those which give to Congress the power to raise a revenue by taxation, to borrow money on the credit of the United States and to regulate foreign and interstate commerce; that which declares that "all debts contracted and engagements entered into before the adoption of this Constitution shall be as valid against the United States under this Constitution, as under the Confederation"; and that which prohibits the emission of bills of credit and the impairment of the obligation of contract by the states. It is scarcely an exaggeration to say with a recent student of the Constitution that in these two prohibitions "the economic history of the states between the Revolution and the adoption of the Constitution is compressed." It is proposed to examine the evolution in the convention of these highly important economic clauses with a view to determining the nature of their origin.

Each of the "plans" presented in the convention proposed expressly or by implication to vest the power to raise a revenue by taxation in the federal legislature. It is true that the Virginia plan contained no positive provision on this subject, but it made a sweeping grant of legislative power to the proposed legislature. The sixth resolution provided

> that the National Legislature ought to be impowered to enjoy the Legislative Rights vested in Congress by the Confederation & moreover to legislate in all cases to which the separate States are incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual Legislation.[1]

[1] Farrand, Records of the Federal Convention, I, 21.

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In view of the general recognition of the breakdown of the former system of federal requisitions upon the states, it is almost certain that it was the intention of the framers of the Virginia plan to include in this clause the power of taxation. The New Jersey plan was explicit. The second resolution provided that Congress

> be authorized to pass acts for raising a revenue, by levying a duty or duties on all goods or merchandizes of foreign growth or manufacture, imported into any part of the U. States, by Stamps on paper, vellum or parchment, and by a postage on all letters or packages passing through the general post-office, to be applied to such federal purposes as they shall deem proper and expedient; to make rules & regulations for the collection thereof; and the same from time to time, to alter and amend in such manner as they shall think proper. [1]

Though the text of the plan presented by Charles Pinckney has not been preserved, it is reasonably certain that it, too, proposed to confer the power of taxation upon the federal legislature.[2] The plan put before the convention by Hamilton, while it was intended merely to indicate his personal views and suggest amendments which he expected to propose to the Virginia plan, authorized the national legislature "to pass all laws whatsoever subject to the negative" of the executive.[3] The draft constitution reported to the convention by the Committee of Detail on August 6, 1787, contained this provision: "The Legislature of the United States shall have the power to levy and collect taxes, duties, imposts and excises." [4] On August 16, this momentous clause was agreed to by the convention, "*Mr. Gerry alone answering no.*" [5] On September 4, the Committee on Unfinished Parts recommended that the following words be added to this clause: "to pay the debts and provide for the common defence & general welfare of the U. S." [6] This addition was agreed to unanimously.[7] In the report of the Committee of Style presented on September 13, this clause appeared as article

[1] Farrand, *op. cit.*, I, 243.
[2] *Ibid.*, III, 607.
[3] *Ibid.*, I, 291.
[4] *Ibid.*, II, 181.
[5] *Ibid.*, II, 308.
[6] *Ibid.*, II, 497.
[7] *Ibid.*, II, 499.

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i, section 8, clause i. Thus it is clear that this vital provision, so necessary for the restoration of public credit, was the result of agreement, not of compromise. Ezra Stiles, then president of Yale College, who had received some information of the proceedings of the convention from one of the delegates, recorded in his diary under date of December 21, 1787: "It appeared that they were pretty unanimous in the following ideas," and enumerated among them "that a certain Portion or Deg. of Dominion as to *Laws* and *Revenue* . . . was necessary to be ceded by individual States to the Authority of the National Council."[1]

Turning to the regulation of commerce we find that all of the plans advocated the vesting of this power in the federal legislature. It was clearly implied in the sixth resolution of the Virginia plan, quoted above. The New Jersey plan provided that in addition to the powers conferred upon Congress by the Articles of Confederation they be authorized "to pass acts for the regulation of trade & commerce as well with foreign nations as with each other."[2] The Pinckney plan undoubtedly proposed to confer exclusive power over foreign and interstate trade upon the federal legislature.[3] The Hamilton plan, as already shown, contained an unlimited grant of legislative power to the national government. The seventh article of the Report of the Committee of Detail made provision that the legislature of the United States should have power "to regulate commerce with foreign nations, and among the several States";[4] and the clause was unanimously agreed to on August 16.[5] It thus appears that there was nowhere in the convention any opposition to this grant of authority to the federal government. Indeed it was the lack of this power, as is well known, which had created a state of affairs that was largely responsible for the meeting of the convention.

In their report, the Committee of Detail inserted a provision giving the legislature of the United States power "to borrow

[1] Farrand, *op. cit.*, III, 169.
[2] *Ibid.*, I, 243.
[3] *Ibid.*, III, 607.
[4] *Ibid.*, II, 181.
[5] *Ibid.*, II, 308.

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money, and emit bills on the credit of the United States."[1] This clause had been taken directly from the Articles of Confederation and there was no opposition in the convention to the first part of it, which was agreed to unanimously on August 16.[2] But the convention as a whole was vehemently opposed to paper money. Some of the delegates were in favor of inserting in the Constitution a clause expressly to prohibit the emission of bills of credit by the federal legislature, notably Gouverneur Morris, Ellsworth and Wilson. Others were content merely to omit from the clause in the report the words "and emit bills." None of the members of the convention was in favor of the exercise of the power in question, and Langdon, the merchant prince of New Hampshire, went so far as to declare that he would rather reject the whole constitution than accept it with those three words retained. It was pointed out that a positive prohibition would antagonize the friends of paper money throughout the country, and the convention was content merely to strike out the obnoxious words "and emit bills."[3] Had there been any party in the convention in favor of the emission of paper money by the federal government, this action might be regarded as in the nature of a compromise between them and those members who desired a positive prohibition. But as this was not the case, the omission cannot be viewed as a compromise.

The interests of the public creditors naturally engaged the attention of a convention one of whose primary objects was to restore public credit and many of whose members were undoubtedly holders of public securities. The Virginia plan declared that provision ought to be made for the fulfilment of all the engagements of the Congress of the Confederation.[4] On August 21 a committee which had been appointed to consider the assumption of the state debts by the federal government reported as follows:

The Legislature of the United States shall have power to fulfill the engagements which have been entered into by Congress, and to discharge

[1] Farrand, *op. cit.*, II, 182.
[2] *Ibid.*, II, 310.
[3] *Ibid.*, II, 308–310.
[4] *Ibid.*, I, 22.

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as well the debts of the United States as the debts incurred by the several States during the late war, for the common defence and general welfare.[1]

Only the first part of this recommendation, that relating to the debts of the United States, concerns us. It was debated on August 22, and a substitute amendment proposed by Gouverneur Morris was unanimously adopted. "The Legislature," it ran, "*shall* discharge the debts and fulfil the engagements of the United States."[2] In the debate on this amendment on August 25, objection was taken to the mandatory form in which the amendment was framed. "The use of the word *shall*," said Mason, "will beget speculation and increase the pestilent practise of stock-jobbing." Doctor Johnson thought that no express provision need be made on the subject, for, as he observed, "changing the government cannot change the obligation of the U. S. which devolves of course on the New Government." His sentiments seem to have been those of the great majority, who adopted, by vote of ten states to one, a substitute clause moved by Randolph, declaring that "all debts contracted and engagements entered into, by or under the authority of Congress, shall be as valid against the United States under this Constitution as under the Confederation."[3] This was submitted to the Committee of Style which substituted the words "before the adoption of the Constitution" for "by or under the authority of Congress," and in this form it was finally accepted by the convention as article vi, clause i, of the Constitution. This clause has been called a compromise.[4] But since there was no sentiment worthy of mention in the convention in favor of repudiating or scaling down the existing federal debt, it cannot properly be viewed in that light.

The Constitution expressly prohibited the states from emitting bills of credit or enacting laws impairing the obligation of contract. Neither prohibition appeared in any of the plans presented in the convention. In the report of the Committee

[1] Farrand, *op. cit.*, II, 355–356.

[2] *Ibid.*, II, 377.

[3] *Ibid.*, II, 414.

[4] Farrand, Framing of the Constitution, p. 177.

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of Detail, however, it was provided that no state without the consent of the United States should emit bills of credit. On August 28, when the convention in its consideration of the report had reached this clause, it was moved by Wilson and seconded by Sherman to make this restriction absolute, instead of permitting the states to exercise the power contingent upon the consent of the United States.[1] Sherman was an especially bitter opponent of fiat money. "Mr. Sherman," Madison tells us in his *Notes*, "thought this a favorable crisis for crushing paper money. If the consent of the Legislature could authorize emissions of it, the friends of paper money would make every exertion to get into the Legislature in order to license it." Gorman of Massachusetts, whose state had just passed through the throes of Shays' Rebellion, was fully aware of the strength of the paper-money party, and he thought that "an absolute prohibition of paper money would rouse the most desperate opposition from its partizans." Nevertheless, the convention was so resolute in its determination to destroy paper money that Wilson's motion, making the prohibition absolute, was adopted by vote of eight states to one, with one divided.[2] King of Massachusetts now moved that, in the words of the Ordinance of 1787 which had been recently passed by the Congress of the Confederation for the government of the Northwest Territory, a prohibition be added restraining the states from interfering in private contracts. The provision of the Ordinance in question enacted that

> in the just preservation of rights and property, it is understood and declared, that no law ought ever to be made or have force in the said territory, that shall, in any manner whatever, interfere with or affect private contracts, or engagements, *bona fide*, and without fraud previously formed.

There was considerable discussion of King's motion. Even Gouverneur Morris, stalwart champion of the rights of property and contract though he was, thought this was going too far. "There are," he said, "a thousand laws relating to bringing

[1] Farrand, Records of the Federal Convention, II, 439. [2] *Ibid.*, II, 439.

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actions—limitations of actions . . . which affect contracts—the Judicial power of the U. S. will be a protection in cases within their jurisdiction; and within the State itself a majority must rule, whatever may be the mischief done among themselves." This view found some support in the convention, and King's motion was not voted on at this time.[1]

The draft constitution referred to the Committee of Style provided as an absolute prohibition that no state shall emit bills of credit.[2] It contained, however, no provision respecting the impairment of the obligation of contracts by the states. Nevertheless, in the report of the Committee of Style this prohibition was included in article i, section 10, clause 1.[3] Additions having been made to this clause, it was adopted by the convention *without debate* on September 14.[4] Credit for the work of the Committee of Style is by general consent given to Gouverneur Morris, its chairman, but in the inclusion of this particular restriction on the states it is impossible not to suspect the influence of King who was one of its members.

McHenry, a delegate of Maryland to the convention, being later called upon to explain to the House of Delegates of Maryland the principles upon which the Constitution had been based, informed that body that it had been argued that the power to emit bills of credit ought to be left to the states, but that "this was overruled by a vast majority as the best Security that could be given for the Public faith at home and the extension of Commerce with Foreigners."[5] Luther Martin, also of Maryland, was one of the very few members of the convention to say a good word for paper money, and the restraints placed by the Constitution upon the states in this and other matters formed one of his reasons for opposing its adoption. In his *Genuine Information* he wrote:

> By the tenth section every State is *prohibited from emitting bills of credit.* As it was reported by the committee of detail, the States were

[1] Farrand, *op. cit.*, II, 439.
[2] *Ibid.*, II, 577.
[3] *Ibid.*, II, 596–597.
[4] *Ibid.*, II, 619.
[5] *Ibid.*, III, 150.

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only prohibited from emitting them *without the consent of Congress*; but the convention was so *smitten* with the *paper money dread*, that they insisted the prohibition should be *absolute*.[1]

An exhaustive study of the evolution in the federal convention of all those clauses in the Constitution which may properly be regarded as "economic" is beyond the scope of this paper; nor is it contended that there were no compromises in the making of the economic clauses. But the provisions of the Constitution whose origins have been examined were undoubtedly of fundamental economic importance, and it has been shown that they were not the result of compromise, if we mean by that word adjustment of divergent views and interests, reached by mutual concession. At any rate the evidence here presented is sufficient to give point to a statement made in a letter written by Madison to Van Buren more than forty years after the adoption of the Constitution:

> The *threatening contest*, in the Convention of 1787, did not, as you supposed, turn on the degree of power to be granted to the Federal Govt.: but on the rule by which the States should be represented and vote in the Govt. . . . The contests and compromises, turning on the grants of power, tho' very important in some instances, were knots of a less "Gordian" character.

The great struggle in the federal convention was between the representatives of the large and the small states, and to harmonize their conflicting political interests compromise had to be invoked; concessions had to be made by each party to secure a *modus vivendi* which would be reasonably satisfactory to both. But the battle was not fought on economic lines. Had the contests in the convention turned upon the questions at issue throughout the country between rich and poor, had Daniel Shays and Patrick Henry stood as leaders opposed to Madison and Gouverneur Morris, the struggle would surely have been no less bitter, but the compromises, it may be conjectured, would have been different.

R. L. SCHUYLER.

COLUMBIA UNIVERSITY.

[1] Farrand, *op. cit.*, III, 214.

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POLITICAL THOUGHT OF SOCIAL CLASSES

A SIGNIFICANT feature of modern society is its heterogeneity. Herbert Spencer was among the first to stress this fact. In discussing the evolutionary process, he called attention to the fact that organisms develop from simplicity to complexity and from homogeneity to heterogeneity. Human societies seem to have followed such a course. In very early times, the social group was the simple undifferentiated horde. Now, society consists of groups within groups: nation, state, county, city, army, church, factory, labor union, school. Division of labor in industry has produced a great variety of occupation groups. The socialists have made it clear that we have the working class, the middle class and the capitalists. Another important division of modern society is that into rural and urban classes.

Professor Franklin H. Giddings has developed the idea of heterogeneity on its psychological side and has extended it into some important practical implications. He has shown that like tends to associate with like and has pointed out that the principle of grouping is on the basis of "consciousness of kind." Each of the many groups of modern heterogeneous society is constituted on the basis of like-mindedness with respect to some particular traits. As there is like-mindedness within each of these many groups, so there is a lack of like-mindedness among the different groups. The importance of this analysis lies in the fact that collective effort, expressed through government and social organization, depends upon like-mindedness. A heterogeneous society tends to split into warring factions. Each faction pursues separate and distinct ends. The peculiar achievement of civilization is the establishment of stable social organization together with the maintenance of heterogeneity of structure.

President Frank J. Goodnow has shown how significant is like-mindedness for the successful operation of government. One reason why good government is difficult in New York City

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is the great heterogeneity of its population. In Austria-Hungary, also, a great hindrance to the success of government is the great number of widely differing racial groups. A few further illustrations of the relation of government to the heterogeneity of society will be considered.

In representative government, the need of representation arises because of heterogeneous groups. This is the cause of the problem of proportional representation and also of the immediately practical issue of representing urban and rural districts in legislatures in correct ratios. Another illustration is the jury system. The efficiency of the jury is directly affected by the heterogeneity of society. For instance, a jury of farmers is hardly fitted to return a verdict in some cases involving labor agitators. Juries of men have at times shown exceptional incompetence in the trials of women. The jury is essentially a sample of the general population and its justness depends on the trueness of the sample. In a heterogeneous society the chances of error in drawing a good sample are great. These illustrations show how the success of governmental institutions is affected by the heterogeneity of society.

A type of heterogeneity in society which may present peculiar difficulties for the governments of the future is the segregation of social classes occasioned by the industrial revolution. Society is divided into the capitalist class, the middle class and the working class. It is claimed that the differences between these classes are quite great, particularly the differences between the capitalist class and the working class. The preamble of the constitution of the Industrial Workers of the World begins with this sentence: "The working class and the employing class have nothing in common." That differences do exist is made clear by the recent industrial disturbances in West Virginia, Massachusetts, New Jersey, Michigan and Colorado. To some these differences appear so great that a social revolution and a class war are quite freely predicted.

It seems desirable to measure these differences. There is a frequently quoted passage from Lord Kelvin, the substance of which is that when we can measure phenomena we know something about them, and that we cannot know much about

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phenomena until we do measure them. Indeed, science has advanced in proportion to the advancement of methods of measurement. To what extent can the differences among classes be measured? This paper is a study in measurement of a phase of class differences existing in Oregon, particularly from the point of view of government. The measurement is made on the basis of the votes cast by the different social classes on the various initiative and referendum measures. In Oregon a great variety of initiative and referendum measures have been voted on. The particular importance of these measures as an indication of differences among the social classes lies in their great variety, which means a great variety of reactions on the part of each class. Sociologically, a pamphlet of initiative and referendum measures is a remarkable document. It sets forth in a very human way the hopes and struggles, the necessities and luxuries, of a people only partially adapted to its environment. It is a sort of many-sided mirror reflecting in a wealth of detail the political and social thoughts of the social classes. Therefore a study of the votes of the social classes on the initiative and referendum measures ought to yield a clearer picture of the like-mindedness or lack of like-mindedness in the particular society. Such a study ought also to yield some indications as to how near or how remote is a class war. And it will indicate the difficulties of government by measuring the magnitude of the differences among the social classes.

It should be remembered that this study is not of heterogeneity of western society in general but of the particular state of Oregon. And only to the extent that western society is like Oregon will the class differences be like those of Oregon. Oregon is a state of 670,000[1] inhabitants. The growth of the state has been rapid, averaging an increase per decade of 70 per cent for the past five decades. The foreign-born population constitutes 17 per cent of the total population. There is very little manufacturing; there are only 17,000 persons engaged in the manufacturing industries, exclusive of the lumber

[1] The statistics cited in this paragraph are taken from the United States census for 1910.

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industries. Lumber is by far the greatest industry, employing as many workers as all other industries added together. The manufacturing industries, including lumber, are highly seasonal, and there is little dovetailing of industries. The dullest month employs only 75 per cent of the maximum employed. Agriculture is also highly seasonal, and together with lumber develops a large class of migratory workers. The important farm products are hay and forage, wheat, cattle, dairy products, sheep, hops, apples and berries. There is little mining. About one-third of the population of the state is in Portland. The next largest town contains only 14,000 inhabitants. There are only five towns in the state with a population each of between 5000 and 10,000. Oregon is thus a new, rapidly growing state, whose industries produce few manufactured articles but many raw materials and foodstuffs.

In measuring the heterogeneity of Oregon through a study of the social and political thought of the social classes, five groups have been chosen: the city dwellers, the rural population, the upper class, the middle class and the laboring class. As an index of the opinion of city dwellers the votes of Portland were chosen. As an index of the opinion of the rural population, there were chosen the aggregate votes of twenty counties,[1] in no one of which was there a town having as many inhabitants as 3000 in 1910. The total votes of these counties approximately equal in number from year to year the votes cast in Portland.

The sample chosen to represent the upper class is the residence section of the wealthiest people of Portland.[2] The occupations of those registered from this section, as taken from the registration books of 1914,[3] show the following groups:

[1] These counties are: Columbia, Coos, Crook, Curry, Gillam, Grant, Harney, Hood River, Klamath, Lake, Lincoln, Malheur, Morrow, Polk, Sherman, Tillamook, Wallowa, Washington, Wheeler and Yamhill.

[2] This section includes parts of Portland Heights, Westover Terrace, King's Heights and Arlington Heights. The precinct numbers were in 1914 numbers 36, 48, 74, 86, and 87; and 20, 27, and 41 in 1912 and 1910.

[3] The occupations listed in describing the samples of the social classes do not conform to the classification of the United States Census Bureau and are not uniform.

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merchants, 53; business men, 134; retired, 44; clerks, 112; physicians and surgeons, 33; salesmen, 31; lawyers, 39; real-estate, 27; architects and contractors, 23; teachers, 39; machinists and mechanical experts, 31; civil and other engineers, 22; laborers, 26; carpenters, 10; firemen, 8; transfer, 8; manufacturing, 8; bankers, 16; insurance, 25; lumbermen, 11; capitalists, 3; brokers, 10; railroad, 3; investors, 3; newspapermen, 5; printers, 5; clergymen, 5; superintendents, 11; nurserymen, 7; apartment-house owners, 3; milling, 5; oil operators, 2; students, 11; nurses, 47; and housewives, 427. Estimates from real-estate men place the average value of homes (house and lot) from $10,000 to $12,000 and the range in value of homes from $5000 to $50,000. Guesses from business men estimate the income of a very large percentage as over $4000 a year. The number of votes cast in these precincts was 1300 in 1914, 800 in 1912 and 650 in 1910. This seems to be a fairly large sample.

The sample representing the middle class is from Portland[1] and includes the following occupation groups: clerks, 273; merchants, 191; lawyers, 60; mechanics, 60; engineers and [illegible]en, 61; carpenters, 42; retired, 34; firemen and policemen, [illegible]; teachers, 35; laborers, 32; foremen, 10; inspectors, 26; b[illegible]ness men, 13; stenographers, 20; dressmakers, 20; mill wo[illegible]6; hotel men, 5; teamsters, 9; timbermen, 4; painters, 2; [illegible] 434. The estimated average value of homes is from $[illegible]ge in value of homes is placed from $2000 to $12,000. [illegible]t the income estimate a range from $800 to $2500, with probably $1800 as an average. The estimates of the income are very uncertain. The sample seems to be sufficiently large.

It was rather more difficult to find a good sample represent-

But no better description of occupations could be obtained on account of the methods of registration which permit the individual registering to use any term he desires to describe his occupation. It is thought, however, that the listing of these occupations, though crude, will nevertheless help the reader in judging the accuracy of the sample.

[1] This sample includes sections of Portland known as Rose City Park and Sunnyside. The precinct numbers were 175, 231, 232, 233, and 234 in 1914; and in 1912 and 1910 were 121, 89, and 99.

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ing the laboring class, for the reason that the laboring class is quite heterogeneous. There are immigrants, unskilled workers and trade-unionists. Many of the large number of unskilled workers in Portland are class-conscious. The trade unions are strong and some of the leaders sympathize with industrial unionism. It is naturally difficult to find each of these groups proportionally represented in the precincts, although it is thought that the sample chosen[1] represents the different elements in fairly good proportions. The occupation groups are the following: machinists and mechanics, 216; laborers, 197; teamsters, 86; longshoremen, 82; carpenters, 80; clerks, 72; mill workers, 34; saloon workers, 28; merchants, 22; watchmen, 21; boilermakers, 20; plumbers, 14; hotel workers, 14; retired, 14; dressmakers, 12; cooks, 10; grocers, 9; nurses, 9; meat-cutters, 9; laundrymen, 8; firemen and policemen, 8; blacksmiths, 8; painters, 8; teachers, 7; sailors, 6; cement workers, 6; confectionery workers, 6; real-estate agents, 5; salesmen, 5; barbers, 5; janitors, 5; bakers, 4; workers in amusement places, 3; lawyers, 3; housewives, 377. The average value of the homes is from $1200 to $1600 and the range in value is from $700 to $3000. In these precincts a large percentage of the houses are rented, the average rent being from $10 to $12 a month.

The samples described in the preceding paragraphs are to be criticised in some respects as regards their representativeness. Considering first the city and rural samples, it may be said that the vote of a growing city is not necessarily typical of urban thought, because many of the inhabitants of the city have migrated from the country where the lasting impressions of childhood were fixed. The social thought of Portland is thus modified strongly in the direction of rural thought. As regards the rural sample, it is remembered that the selected counties contain no towns having over 3000 inhabitants. It might be argued that the votes of these counties are not typical of rural thought as they are exceptionally isolated. But twenty counties com-

[1] The sections are from two different parts of Portland and include part of lower Albina and part of North Portland. The precinct numbers were 7, 8, 9, 247, 248, and 249 in 1914; and 4, 5, 128 and 131 in 1912 and 1910.

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prising so large a section of Oregon are not markedly isolated sections. It is true that the sample of rural votes includes some small towns, but the opinions of the voters from small towns are probably very much dominated by the surrounding rural sections.

With regard to the samples of the upper class, the middle class and the laboring class, there is unquestionably some overlapping. The descriptions in the foregoing paragraphs show however that the overlapping cannot be very great. Visits to these precincts have been as convincing as the descriptions of the incomes and occupations. Furthermore, it should be remembered that there is no unanimity of agreement among writers in defining the social classes. The social classes shade off into one another. However it is thought that the sample precincts represent fairly distinct social classes, although it should be borne in mind that in a new, rapidly growing, non-manufacturing state there is a certain amount of class fluidity, which tends to minimize class differences.

Sampling should always be made on the basis of adequately sized samples. The samples of the upper, middle and laboring classes are all of approximately the same size, varying from 1300 or 1400 voters in 1914 to 600 or 700 voters in 1910. In 1914, women voted, increasing the vote by approximately one-half. The period studied covers four years only, because a longer period would have shown a changed complexion of the precincts.

Having described groups of social classes in Oregon, there will next be presented what each class thinks on certain political, social and economic questions. During the last four elections in Oregon, 103 measures have been voted on. These include the subjects of woman suffrage, prohibition, single-tax, income-tax, capital punishment, proportional representation, one-chambered legislature, non-partisan judiciary, presidential primary, sterilization of criminals and insane, employers' liability, workmen's compensation, eight-hour law for women, a modified English system of government for the state, and a half-dozen measures providing governmental ownership. In Table I are listed the 103 questions voted on, and how each social class voted is indicated. The figures in the table are the indexes

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TABLE I

VOTES OF SOCIAL CLASSES ON INITIATIVE AND REFERENDUM MEASURES

(Figures are the average number voting in favor of measure, for every one hundred voters).

TITLES OF MEASURES[1]	VOTE BY SOCIAL CLASSES				
	RURAL	CITY	UPPER CLASS	MIDDLE CLASS	LABORING CLASS
1910					
Woman suffrage[2]	46	32	21	46	29
Insane asylum in Eastern Oregon (p)[3]	47	64	63	64	62
Convention to revise constitution	23	34	37	37	34
Separate districts for each state legislator	48	34	34	38	30
Repealing that all taxes be uniform and equal	44	56	43	49	68
State construction of railroads	39	44	33	38	52
Classification of property for taxation	40	49	36	47	62
Increase in salary of a judge in Eastern Oregon	13	23	39	34	17
Creation of Nesmith County	25	38	35	36	38
Support of Monmouth Normal School (p)	57	61	55	66	60
Creation of Otis County	19	30	24	25	31
Annexation to Multnomah County	13	32	30	30	34
Creation of Williams County	16	25	21	25	28
To permit county single-tax and to abolish poll tax (p)	51	54	40	48	68
Cities' exclusive power over sale of liquor (p)	48	61	68	46	75
Employers' liability (p)	60	68	48	53	85
Creation of Orchard County	17	22	23	25	30
Creation of Clark County	18	22	24	24	28
Support of Weston Normal School	48	51	46	54	49
Annexation to Multnomah County	13	27	31	27	35
Support of Ashland Normal School	46	49	47	51	47
Prohibition	44	34	24	49	23
Prohibition	43	33	22	44	20
Commission to draw up employers' liability law	38	42	49	45	39
Prohibit fishing in Rogue River (p)	57	69	63	73	72
Creation of Des Chutes County	31	33	27	31	33
Creation of new counties by vote of the districts	47	48	42	44	53
County indebtedness for roads (p)	58	71	75	79	68
Presidential primaries (p)	49	59	41	49	69
Govt. inspectors and official magazine	35	43	29	37	55
Reorganization of legislature and proportional representation	44	53	47	51	61
Three-fourths verdict in civil cases (p)	52	59	49	44	60

[1] The titles are abbreviated by the writer for purposes of presentation.

[2] The measures printed in italics are a selected list of radical and progressive measures discussed later in the article.

[3] The letter "(p)" means that the measure was adopted at the polls by the voters.

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TABLE I—*Continued*

TITLES OF MEASURES	VOTE BY SOCIAL CLASSES				
	RURAL	CITY	UPPER CLASS	MIDDLE CLASS	LABORING CLASS
1912					
Woman suffrage (p)	53	52	46	58	47
Lieutenant governor	62	49	60	54	40
Classification of property for taxation	48	49	62	55	37
Uniformity of taxation in each class of property	48	49	66	54	38
Repealing permission of county single-tax	62	55	71	64	41
Majority vote for constitutional amendment.	33	30	44	29	27
Double liability on bank stock-holders (p).	75	88	90	89	86
Public utilities regulation by state (p)	61	64	69	69	55
Creating Cascade County	25	33	31	36	33
Tax levy for University and Agricultural College.	45	50	66	57	34
Majority vote to adopt initiative measures	33	33	35	34	28
Counties to issue road bonds	44	55	46	55	60
Creating state highway department	19	30	32	32	36
Changing dates regarding state printer.	30	40	31	36	51
Hotel inspector	16	16	12	18	17
Eight-hour day on public works (p).	53	67	49	61	80
Blue sky law	42	55	48	55	58
Prohibiting private employment of state convicts (p).	62	74	76	75	73
Prohibiting private employment of city convicts (p)	62	74	76	75	73
A state board to sell road bonds	26	35	54	47	30
State indebtedness to build roads (p)	54	64	69	70	60
County indebtedness to build roads	38	53	49	58	44
County indebtedness to build roads (p)	53	64	48	70	53
Method of consolidating cities and towns	37	53	53	53	49
Income tax	49	50–	54	58	43
Exemption of household goods from taxation (p)	60	62	66	68	53
Exemption of bonds and mortgages from taxation	41	36	43	38	33
Inheritance tax revision	38	38	44	42	36
Establishing freight rates (p).	58	51	40	46	56
Method of bonding counties for roads.	38	43	38	36	41
Modified English system of state government	29	35	18	27	44
Single tax	24	35	23	25	41
Abolition of death penalty.	39	42	30	31	45
To prohibit boycotting	45	46	64	58	35
To prohibit street speaking	43	48	65	60	38
Appropriation for university buildings	26	34	49	39	27
Appropriation for university buildings	23	33	48	37	26

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TABLE I—*Concluded*

TITLES OF MEASURES	VOTE BY SOCIAL CLASSES				
	RURAL	CITY	UPPER CLASS	MIDDLE CLASS	LABORING CLASS
1913					
University building fund (p).	55	66	86	84	46
Appropriation for university building (p) .	56	64	77	82	44
Sterilization of criminal and insane . . .	43	42	55	55	27
County Attorney Act (p)	59	59	73	71	43
Workmen's compensation (p)	70	73	84	81	61
1914					
Non-citizen immigrants disfranchised (p) .	85	84	86	92	76
Lieutenant governor	29	29	33	33	20
Consolidating Portland and Multnomah County.	39	53	56	54	51
State credit for irrigation and development	29	26	20	24	25
Repealing that all taxes be equal and uniform	31	39	39	43	36
Classification of property for taxation . . .	26	38	37	42	34
To establish Ashland Normal School . . .	40	50	45	53	48
Merging of towns (p)	48	69	77	77	59
To establish Weston Normal School. . . .	43	51	45	58	44
Increase pay of legislators	22	21	20	17	19
Universal eight-hour day	25	30	10	14	43
Eight-hour day for women	40	46	26	31	57
Non-partisan judiciary	34	50–	31	50	49
$1500 tax exemption (single tax)	25	42	25	33	45
Public docks and water frontage	37	43	22	38	47
Municipal wharves and docks	34	44	25	39	46
Prohibition (p)	61	50–	46	65	31
Abolition of death penalty (p)	47	51	41	47	53
Single tax heavily graduated.	31	33	18	26	39
Consolidation of corporation and insurance departments.	33	28	18	25	28
Cheaper dentistry bill.	44	48	30	33	68
County officer's term made longer	42	46	47	54	43
Tax code commission.	19	22	46	33	22
Abolishing Desert Land Board	19	16	11	18	20
Proportional representation	21	25	15	16	25
Abolition of state senate.	34	33	20	26	39
Department of industry for unemployed . .	29	36	20	25	42
Primary delegate election bill.	14	14	15	9	12
Two-thirds vote to amend tax laws	14	21	14	16	18

of class thought and they represent the average number of voters, out of one hundred of each class, voting in favor of the measure. Thus the first question is that of woman suffrage and the table shows that the rural class voted 46 out of 100 in favor, the city

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people 32 out of 100 in favor, the upper class 21, the middle class 46, and the laboring class 29. The figures not only show the extent to which each class favors the proposition, but also make it possible to measure the difference in class thought on woman suffrage. If 32 out of every 100 city voters want suffrage for women, and 46 out of every 100 rural voters want it, then the difference between these two numbers, 14, may be said to measure the difference in the viewpoint of the city and the country on woman suffrage. This means that if 100 inhabitants of the city were placed in a room with 100 farmers, on the average 14 pairs would disagree on woman suffrage and 86 pairs would agree. Similarly, 25 pairs out of every 100 upper-class citizens and 100 middle-class citizens would disagree, whereas of the laboring class and the upper class 92 pairs would agree. In like manner the table will show how the classes think on other questions, and will yield a measure of the difference of opinion on each proposal.

The ten questions upon which there was the greatest difference of opinion between the city people and the rural class are: methods of combining cities and counties, a single-tax measure calling for a $1500 tax exemption, the location of an asylum in eastern Oregon, a non-partisan judiciary, the issue of bonds for good roads, woman suffrage, separate districts for the election of each state senator and each state representative, prohibition, creating the office of lieutenant-governor, and the double liability of holders of bank stock. It is thus seen that many of the greatest differences between the city and the country are on relatively unimportant measures. Also in none of these cases is the figure representing the difference in opinion greater than twenty-one. Thus while the difference in the life of the city and the country is quite great, no striking differences of opinion seem to have existed in the actual handling of the problems of government during the last five years. Although the city has been inadequately represented in the legislature, probably no great harm has been done.

The differences between labor and capital are somewhat more striking. The differences sometimes go up as high as forty, and there are twenty-five measures where the difference is greater

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than twenty. The ten subjects over which there was the greatest difference of opinion are: cheaper dentistry, employers' liability, appropriations for the University of Oregon (opposed by labor), eight-hour laws, a measure making possible county single-tax and repealing poll tax, county attorney's act, prohibition of boycotting, sterilization of criminals and insane (opposed by labor), presidential preference primaries (favored by labor), and prohibition of street speaking.[1] The conflict of labor and capital is clearly and sharply outlined in these legislative measures.

The middle class resembles the upper class more than it does the laboring class. The middle class differs from labor on very nearly the same measures as does the upper class, though not quite to so great a degree. The differences between the middle class and labor run up to thirty and thirty-five, while the differences between the upper class and the middle class do not go above twenty and there are very few above ten. The most distinctive opinions of the middle class are indicated in their notable sponsorship of woman suffrage and prohibition as contrasted with the upper class and labor. Except on prohibition and woman suffrage the differences between the upper class and the middle class are not on fundamental issues. The upper class does not desire a non-partisan judiciary as much as does the middle class; they would prefer a more difficult method of amendment of the constitution, and are not so eager for the measure providing public docks and municipal wharves. On educational measures the upper class is more eager to support the University of Oregon and not so eager to support the normal schools as are the middle class.

There is some interest in the relation of the rural class to the upper class and to the laboring class. Does the rural class

[1] Other measures over which there was considerable difference of opinion between the upper class and labor are: constitutional amendments making it possible to abandon the general property tax, the abolition of the senate, government inspectors and an official magazine, a state road board to sell bonds, a commission to draw up a tax code, public docks and municipal wharves, department of public industry for the employment of the unemployed, a heavily graduated single-tax, $1500 tax exemption, and the creation of the office of lieutenant governor.

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favor capital or labor more? What are the chief points of difference? The table shows that the resemblance of the rural class to the upper class and the laboring class is about the same in amount, the difference in each case amounting in the extreme to about thirty. The subjects of greatest difference between the rural class and labor are prohibition, eight-hour day on public works, employers' liability, workmen's compensation, and taxation revision. The greatest differences between the rural class and the upper class are on the questions of prohibition, support of the University of Oregon, bonds for good roads, free speech (favored by the rural voter), prohibition of boycotting, and methods of combining cities, towns and counties.

The most striking differences between the social classes have now been indicated on individual measures. The next question is: What are the total differences on the measures taken as a whole? These results are shown in Table II. It is seen from

TABLE II

AVERAGE DIFFERENCES IN THOUGHT OF THE SOCIAL CLASSES AS EVIDENCED BY THEIR VOTES ON 103 MEASURES

Upper class and laboring class	14[1]
Middle class and laboring class	12
Upper class and middle class	6
Upper class and rural class	11
Laboring class and rural class	11
City and rural class	8

this table that the greatest differences between any two classes are found between the upper class and the laboring class, the average difference on the 103 measures being fourteen. The next greatest difference is between the middle class and the laboring class, the average difference being twelve. The differences between the upper class and the middle class are least, being only six. The differences between the city and the country prove to be rather small, the average being only eight.

The interpretation of these figures depends of course on the subject matters of the measures voted upon. The 103 measures

[1] These figures mean that between 100 voters of each class, disagreement is found to exist on the average in the numbers in the table opposite the particular classes compared.

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contain 25 or more very important political, social and economic questions that are of interest to the United States as a whole. On the other hand, one-half or more are not questions under the spotlight of public opinion and are of chief interest to the voters of Oregon only. It has been thought desirable, however, to list them all and to compute the averages from the whole list, because these are the routine legislation, the every-day problems of government. And the point of view of this paper is to inquire whether the heterogeneity of society is so great as materially to hamper the actual working of government on the problems that arise, whether they be high lights or dull ones.

The most impressive feature of these figures of class differences is their small size. Of one hundred of the upper class and one hundred laborers, eighty-six would agree on the average on the measures that have been voted on during a period of five years. Even allowing for the roughness of the samples, their overlapping, and chance votes, the agreement between the classes is surprisingly striking. Of course it might be argued that there is nevertheless a real difference between the classes greater than the figures indicate, for the reason that the figures indicate not a lack of difference but rather an ignorance or a lack of awareness of the real differences. This may be true, but if people actually hate each other but don't know it and act as if they liked each other, the result is the same as if they actually liked each other —subject of course to a bursting-forth of hate at some future moment. The figures do seem to indicate that the heterogeneity of Oregon society is not so very great; that the like-mindedness is relatively much greater. Some students of society have placed great emphasis on class differences, particularly in speaking of class conflicts. These figures serve as a sort of check and indicate that probably such students have exaggerated the differences. This does not mean that a revolution is not possible. The North and South went to war when, if similar figures of sectional differences had been computed, there would probably have been shown many points of agreement. However, since the Civil War, the North and the South have lived together under the same government. Probably this was possible because of so many points of agreement actually existing.

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The figures in Table I may also throw some light on the question as to which classes are most willing to make changes. These figures give the numbers in a hundred who want to change. The upper class, the middle class, the laboring class and the city dwellers all desire changes about equally, the average number in a hundred in favor of change on the basis of the one hundred and three measures being about forty-five. The rural class seems not quite so desirous of change, voting on the average only thirty-nine for change. The meaning of these figures again depends on the questions submitted. For instance, if one class initiates a large number of its own class measures, the average vote in favor might be interpreted as meaning that this class was more greatly in favor of change; whereas it might mean that more questions of interest to one class were submitted. The number of questions submitted might depend on the initiative of a particular leader, the financial ability of a particular class, or the social mind at the particular time. Also, an occasional measure was placed on the ballot for the purpose of preventing change. Of the 103 measures, 28 were adopted. If the rural class alone had been voting on these questions, only 24 would have been adopted. If it had been the function of the city alone to decide, 38 would have been adopted. The upper class would have adopted 29, the middle class 42 and the laboring class 34.

The inferences up to this point have been based on the 103 measures voted on. All these measures have been included because they show the effect of the existing heterogeneity of society on the actual problems of government. However, the list of 103 measures includes many measures of a technical and local importance. There are also included measures that are not related to the larger social movements and are no tests of conservatism, progressivism or radicalism. It therefore seems desirable to select certain measures and attempt to interpret the various data on the basis of the selected list. This has been done. In selecting such a list several points were borne in mind. These measures selected are all related to the larger social movements and are either progressive or radical. Unfortunately several of the measures were crudely drawn, one or two might

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be called foolish, and several could have attempted the same end by a more practical method. The selected measures are the twenty-six measures in Table I printed in italics. They include such topics as woman suffrage, single-tax, prohibition, one-chambered legislature, proportional representation, eight-hour laws, employers' liability, reorganization of the state government, governmental ownership, sterilization of criminals and insane.

The differences in social thought between the social classes on the selected list of twenty-six measures is noted in Table III. These figures show that the greatest class difference is between labor and the upper class, that the middle class is very much like the upper class, and that the differences between the city and the country are small. These results are in general like the results obtained on the basis of the 103 measures, except that the differences are increased. These figures also seem to show that the rural class is more like the upper class than like the laboring class. The differences between the city and the country are not increased by selecting the measures. The results shown in this table are also impressive in that, although the most radical and progressive of the measures dealing with important social questions are selected, the class differences are small. The very striking fact is shown that labor and capital (the upper class) agree in eighty out of every one hundred pairs on the most radical and progressive social-reform legislation.

TABLE III

AVERAGE DIFFERENCES OF THOUGHT OF THE SOCIAL CLASSES AS EVIDENCED BY THEIR VOTES ON TWENTY-SIX SELECTED[1] MEASURES

Upper class and laboring class	20
Middle class and laboring class	17
Upper class and middle class	7
Upper class and rural class	9
Laboring class and rural class	14
City and rural class	6

The data in Table IV show which classes are most con-

[1] The selected measures are the measures printed in italics in Table I; they include the measures related to the larger social movements and are either radical or progressive.

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servative in making larger changes. The laboring class is the most desirous of change and the upper class is the least desirous. The laboring class is considerably more willing to change on the 26 subjects than on the 103 subjects. In the selected list the country is only slightly more conservative than the city. Of the 26 measures, 9 were adopted by the voters of the state. If the decisions had rested solely in the votes of the upper class, only 5 would have passed. The middle class would have adopted 9 and the laboring class would have adopted 12. The country would have adopted 7 and the city 9. These figures coincide with the general opinion of the rank of the classes in the scale of conservatism. The particular contribution of the

TABLE IV

AVERAGE VOTES OF THE SOCIAL CLASSES IN FAVOR OF TWENTY-SIX SELECTED RADICAL AND PROGRESSIVE MEASURES

Upper class	37[1]
Middle class	42
Laboring class	52
City	46
Rural class	42

figures consists in measuring just how much these differences are; and these differences seem to be smaller than is the popular conception.

The conclusions of the study may be seen as particular results and as general results. In particular, some rather interesting results are the following. The country favors suffrage for women more than does the city. The upper class is not eager for woman suffrage, nor is labor. The middle class is the particular sponsor for prohibition. The country districts are least desirous of abolishing the death penalty. The laboring class and the rural voters are relatively opposed to supporting the University of Oregon. The laboring class favors the single-tax more than does the other classes. The laboring class is the most radical and the upper class the most conservative. The greatest difference of opinion is between the upper class

[1] The figures are the average numbers voting in favor of the measures, for every 100 voters.

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and labor. The middle class resembles quite closely the upper class. The differences between the country and the city are not so great as their different modes of life would lead one to think. The classes vote according to their selfish interests.

The general conclusions, however, are the most striking and are the particular contribution of this study. The figures indicate that the differences between the social classes are not so great as many have been led to suspect. Capital (the upper class) and labor agree in eighty pairs out of every one hundred on the most radical and progressive legislation that has come before the Oregon voters during five years. The points of agreement far outweigh the points of difference. The heterogeneity of Oregon society does not seem to have proven a serious obstacle to the problem of government. The figures show little indication of class conflict nor do they point to a revolution. They rather point toward harmony and show a considerable ability on the part of the social classes to get along together.

WILLIAM F. OGBURN,
DELVIN PETERSON.

REED COLLEGE.

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REVIEWS

Stakes of Diplomacy. By WALTER LIPPMANN. New York, Henry Holt and Company, 1915.—vii, 235 pp.

Of the books which have been written as a result of the European war, Mr. Lippmann's *Stakes of Diplomacy* has perhaps more in it than any other to stimulate the reader, and particularly the young reader, to a serious study of world politics. Almost every other book is more dignified; many others are more scholarly; few are more cocksure; but Mr. Lippmann's little book has a freshness of attack and an underlying seriousness and sincerity which puts it in a class by itself. It is not necessary to agree with it all. Experience will probably show that the author has proved too much in regard to the factors in which he is particularly interested, and has omitted or undervalued others of importance. But his book possesses the rare quality of vitality.

Mr. Lippmann begins by pointing out that on the issue of our national existence we Americans are not a self-governing people. Strong as is the case for open and democratic diplomacy, as made by such organizations as the Union of Democratic Control in England, the ...ditional diplomat has some reason for his desire to keep foreign affairs ... of politics and to face foreign diplomats with the assumption that a united ... "We in America have accepted this diplomatic ideal. For us 'politics ceases at the water's edge'; we announce in 'one' voice that we shall act as 'one' man; and in a crisis we resent with peculiar intolerance the opposition of anybody to the government's policy." Opposition, as Mr. Lippmann points out, is about the only incentive we have to practice reason and tolerance. "Where all think alike, no one thinks very much. But whatever he does think, he can think with all his soul." In dealing with foreign people, our passion is not diluted by opposition. Just because we have no incentive to doubt our side of the case, we do not see why it should be contradicted. To disagree "is to attack us, to deny our right to sovereignty." In this sense all wars are defensive.

Mr. Lippmann begins to develop his main thesis in dealing with "Patriotism, Business and Diplomacy." In his judgment what we are likely to regard as a purely economic motive is really a much more complex emotion. "The rage of the German people after the Triple

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Entente compelled their government to recede in 1911 was not because they had lost Morocco, but because they had lost the dispute." The Morocco incident is used to show how two nations can sincerely feel attacked at the same time. "To the British it was evidence of German aggression and to the German it represented the tightening of the Iron Ring, the policy of encirclement."

While traders do not desire to plant their national flag wherever they sell their products, foreign trade is imperialistic, says the author, wherever it is with weak nations—China, Morocco, Turkey, and the like. In illustration of this the book includes interesting and little known records of the beginnings of German rule in West Africa, largely due to the activities of a certain Herr Süderitz, and of the now wholly forgotten initial activities of the Banco di Roma in the steps which led inevitably to the contest between Italy and Turkey in the Tripolitaine. In all such cases, a union of various groups is created upon the imperial program.

> The diplomatic group is interested primarily in prestige; the military group in an opportunity to act; the bureaucratic in the creation of new positions; the financial groups in safeguarding investments; traders in securing protection and privileges; religious groups in civilizing the heathen; the "intellectuals" in realizing theories of expansion and carrying out "manifest destinies;" the people generally in adventure and glory and the sense of being great. These interested groups severally control public opinion, and under modern methods of publicity public opinion is easily "educated."

In answer to the contention of Norman Angell and his followers that a people cannot prosper by extending political control, Mr. Lippmann says:

> Whatever may be the truth about the loss or gain to a whole people, there can be little doubt that there is a real possibility of gain to a group of capitalists. . . . The French peasant may be poorer because his government administers an African empire, but that certain French bankers or business men are richer there can be no question. . . . Colonial capitalists are not suffering from the Great Illusion. They know quite definitely that it is more profitable for them to secure a privilege than to have someone else secure it.

Europe is fighting, according to Mr. Lippmann, because she had been divided into two groups which had been divided again and again over the organization of backward parts of the world. Each question involved the standing of the powers and became a test of relative strength. No nation felt it could afford to lose, even if it happened to be wrong.

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The author's proposal "For the Future" is, like most others, the creation of some kind of world government. No world state, however, in Mr. Lippmann's judgment, can be created out of courts alone, and lacking two of the essentials of government, legislative and judicial power. What the powers tried to do at Algeciras was to create an international rather than an imperial control, and they made the attempt, not out of whole cloth, but by developing the organization of a conference called to deal with a specific problem. Doomed to failure though it was, this experiment, in the author's judgment, marks the first really significant step towards the political solution of our international difficulties. It is not necessary, and probably not desirable at the present time, to have a single world government, but it would be quite practicable to have in existence international commissions to deal with those spots of the earth where world crises arise. Mr. Lippmann may deal too cavalierly with modern diplomacy and modern diplomats, but his suggestion to them is after all worthy of their consideration, namely,

> that the international control should be turned into a local international government, with power to legislate and hold administrative officials accountable. This at least would give internationalism a chance. For instead of a rigid act with practically no machinery for enforcement, there would exist a living legislature with some means for carrying out its will.

In his final chapter on "The Strategy of Peace," Mr. Lippmann himself furnishes an example of how easy it is to think conventionally in these matters. If the United States is to be a leader, it must, according to him, invest and trade in backward countries. "This will give our diplomacy a leverage on events. And to be effective that diplomacy will have to be weighted with armaments of sufficient power to make it heard by the Great Powers." The conclusion may be correct, but it appears to be reached by questionable reasoning, common enough indeed in most of the books of the day, but rather astonishing in this particular book.

On the other hand, Mr. Lippmann has much to say to which the pacifist could profitably devote his attention, as for example when he reminds him that

> When pacifism confines itself to the propaganda of not fighting, of peace at any price, it has given up the ghost. . . . Everyone knows that war is a stupid way to deal with issues, but to repeat this is in no way to deal with the issues. . . . Peace . . . will not come by declaiming about the ab-

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surdities of armed compulsion, but by enlarging the areas within which force takes a more civilized form.

Mr. Lippmann does not see "how anyone with pretensions to national loyalty can contemplate abandoning the organization of the half-developed parts of the earth to the illiberal powers." If we in the United States, for example, wish to adopt a policy of isolation, we "must give up even the shadow of a pretense that we are working for the world's peace." We can be good monks, and perhaps will be saved by faith. We will not be saved by works. It will not all be easy sailing for us, he warns us, however, if we take the plunge.

If America enters the arenas of friction it will be exposed to many threats not only from other nations, but from within the country. The danger of war will be increased, and the danger of what is known as militarism. . . . Having tasted world power, we may go drunk with it. But if that is the kind of people we are, how impudent of us to utter one word in criticism of the military empires.

"The strategy of peace," he concludes, "is to use the democratic governments as organs of leadership in world politics." The internationalist should remain a patriot, not to support his country right or wrong, but because "by becoming an anti-patriot, he cuts himself off from the only organization in which he could hope to make himself effective in the affairs of nations." The difference, then, between the true internationalist and the unreasoning patriot lies in the supremacy of his conscious purpose.

F. P. KEPPEL.

COLUMBIA UNIVERSITY.

Is War Diminishing. By FREDERICK ADAMS WOODS and ALEXANDER BALTZLY. Boston, Houghton Mifflin Company, 1915.—xi, 105 pp.

This book, as its sub-title indicates, is "a study of the prevalence of war in Europe from 1450 to the present day." Its object is to find out through scientific methods if war really is decreasing. Dr. Woods tells us in the introduction that "it was with a wholesome disgust at the unscientific character of the publications of various peace societies" that, some six years ago, he began to collect the data of European wars. In the preface it is stated that this original collection has been enlarged and verified by Mr. Baltzly, who is responsible for the final list. In a short section following the preface he describes the

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chief sources from which these data were obtained. Upon Professor Woods devolved largely the task of interpretation.

The method employed is statistical. Lists are given showing the duration of European wars for the period from 1450 to the present day. The countries included are Austria, Denmark, England, France, Holland, Poland, Prussia, Russia, Spain, Sweden and Turkey. For England and France the wars from 1100 to 1450 are also shown. The lists for Holland, Poland and Prussia naturally cover only a portion of the later period. With the descriptive matter for each country there also appears a table showing the number of war years for each century and half-century. No similar table is given for the average war time of all nations, but in the appendix the data are brought together on one page so as to give an idea of the relative prevalence of war in the countries studied. Finally, the trend of this prevalence is represented by means of three graphs. The first compares the five larger nations; the second, the six smaller ones; and the third shows the averages for each of the above groups and for the entire eleven countries.

It is unfortunate that Dr. Woods has not expressed more clearly the conclusions which he draws from this study. The following, however, is probably a correct statement of his position. (1) Our summary graph does give the impression that there has been some decline in the prevalence of war; but this is not a safe conclusion because the period covered (1450-1900) is far too short to show a general tendency. (2) Such decline as is shown cannot be due to the advance of civilization; for the nations which are politically great (notably England, France and Russia) do not show a similar decrease. (3) Man "has fought presumably half the time." (4) A certain amount of war would therefore seem to be inevitable for a long time to come, and the pacifist's position is untenable.

The writers of this little book are to be congratulated upon the fact that they have called attention to the need of statistics in this most important field of international relationships. The charts presented will undoubtedly prove exceedingly useful to students. To the reviewer, however, there appear to be certain defects both in the terminology employed in this study, and in the interpretation of data.

In the first place is the authors' definition of "war" adequate for the purpose in hand? An examination of the lists presented indicates that organized civil strife has been included under that concept. Lesser disturbances than those considered are of course very difficult to estimate; and yet it is precisely such conditions of general disorder which are by many associated with "uncivilized" conditions. Hence

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if, as in this book, the data are to be correlated with advance in civilization, it seems important that the term "war" include all degrees of strife which might be taken as an index of a lack of civilization.

Passing over the somewhat questionable definition of "civilization" implied in this book, let us consider the interpretation of data. Dr. Woods believes that a conclusion would be easier if the study were carried back for long periods prior to 1450. But, in reality, unless the definition of war were changed, this would hinder, rather than aid, interpretation. For the nature of the wars prevalent in a country changes. Tribal conflict, feudal strife, and even the wars considered in the earlier part of the period already studied, are quite incomparable with modern warfare. To be scientific, such a war curve as Mr. Baltzly has constructed should show the same or comparable data along its whole course.

But, considering the data as presented, the most obvious conclusion seems to have been obscured. The really significant fact derivable from them is that war was only half as prevalent from 1700 to 1900 as it was from 1500 to 1700. That is, the average of all the nations considered spent 61 per cent of their time in war during the earlier period and less than 33 per cent during the later. But this fact is nowhere stated in the book, and must be computed by the reader from the separate tables or from the summary graph.

Again, Dr. Woods maintains that the advance of civilization cannot have caused such decline in the prevalence of war as the charts show. Civilized nations such as England and France do not show this decline. But here Dr. Woods has disregarded the factor of increasing population. If we assume, as this book does, that wars are of equal importance, then a war which England waged when she was a country of, say, ten million inhabitants, was ten times as great a disturber of peace as a war of equal duration carried on when the British Empire embraced a hundred million souls. If on the other hand we attempt to weight wars according to their severity—their cost in men, in money etc.—then each of these weights should be related to the population of the country. In brief, the significant figure is not the mere duration of a war in years, but its *per capita* importance. If Britain's Indian wars are to be considered, they must be related to the population of the British Empire. And they must be compared, not with the wars of the British Isles in the earlier period, but with those wars plus all the native disturbances which occurred in India prior to the British occupation. Such a weighting would doubtless greatly alter the trend of the war curve for England.

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As it stands, however, the book is a useful handbook for students. It is only to be hoped that due care will be taken by its readers to analyze the data and consider all possible explanations, before they too hastily join Dr. Woods in condemning the work of those who still act on the assumption that war may be amenable to rational control.

Donald R. Taft.

Columbia University.

Le Président de la République: son rôle, ses droits, ses devoirs. By Henry Leyret. Paris, Librairie Armand Colin, 1913.—xvi, 282 pp.

The portentous decline of legislative bodies and the corresponding growth in the vigor of executive action are not, of course, peculiar to the United States. In Great Britain and Canada the cabinet has come to dominate Parliament. In France, although the center of gravity has by no means shifted to the cabinet, political literature shows an unmistakable tendency in that direction. Experience has demonstrated the need of a stronger executive; French writers and French statesmen are pretty well agreed on that point. A definite movement to consolidate the groups, as seen in the formation of Briand's Federation of the Left and in the growing sentiment for proportional representation, is expected to give greater stability to the cabinet.

But some thinkers of conservative mold, disappointed with the weakness of the cabinet and hopeless of liberating it from the influence of political intrigue, look rather to the expansion of presidential authority. M. Leyret is one of these. It is interesting to observe that his volume appeared just before the presidential election of 1913 in which the National Assembly fixed its choice upon a man whose character and political views were certain to inform the office with a new spirit. President Poincaré has not disappointed expectations. From the first—and in spite of protests from the Radical-Socialist party—he assumed the active rôle which Leyret had advocated.

Now M. Leyret, who does not love parliaments and politicians, believes that the president should be something more than a master of ceremonies. The system of 1875, he maintains, did not contemplate a passive rôle. If a "mischievous tradition" of passivity has developed, the reason is that colorless men have been elevated to office, that nowadays politicians expect to become president "as a civil servant becomes bureau chief—by virtue of seniority." As a matter of fact "the country would like to have a president elected because of merit and ascendancy. . . . If he should exercise his prerogatives with

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wisdom and courage, France would be grateful. . . . This does not mean that he should either engage in a systematic struggle with Parliament or play an ambitious part; it means that, before the eyes of attentive France, he should restore influence and credit to the functions" of the office.

In developing his thesis the author resorts to a peculiar and perhaps deliberate misreading of the constitution. The constitution says nothing about separation of powers; in fact the ministers are expressly made responsible to the chambers. Yet M. Leyret's argument is based upon the existence of the separation of powers. Its existence is established by a remarkable effort of logic: Montesquieu and the Declaration of 1789 prove that "the separation of powers is the inevitable rule of every parliamentary government. . . . The present form of government, being essentially parliamentary, has as its basis the separation of powers. The separation would be chimerical if one began by establishing in principle the subordination of the executive to the legislature." Hence the executive is not subordinate to the legislature.

Something of the same looseness of argument occurs where an attempt is made to establish the independence of the president in exercising particular functions. Thus: "the history of the last thirty years" demonstrates that the president "possesses complete liberty in the choice of ministers." In the text the history of the last thirty years is represented by two incidents (1880 and 1902) which are declared to be "decisive"; and this in spite of the fact that a new premier is chosen every eight months. Abundant evidence is available to refute the statement. While circumstances may occasionally allow the president an alternative choice, he usually can exercise little more discretion than the king of England. He may, it is true, invite any one of several members of the majority to form a cabinet; but final decision does not rest in his hands. President Poincaré, in June, 1913, sent for six different leaders in succession before the Viviani cabinet was formed. Further, M. Leyret asserts that the president should not allow the various portfolios to fall into weak or unqualified hands. "He has the right to exact that his confidence shall not be abused by the formation of a ministry which would only be a collection of politicians charged with doing the business of the parliamentary groups." The right to exact? "Suggest" would be a more appropriate word; for the president lacks the means of enforcing his views upon an unsympathetic minister. It is the Chamber which dictates.

The book can hardly be called convincing, even though in some ways it is deftly executed. It is deft especially in so combining and

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confusing law and practice and theory and aspiration that few men, having read the book, could be quite sure what it had maintained and what it had proved. It is like "Sordello": the first and the last lines are clear enough, but the intervening argument is somewhat obscure.

E. M. Sait.

Les Partis Politiques sous la III^e^ République. By Leon Jacques. Paris, Larose et Tenin, 1913.—xvi, 541 pp.

To American students no aspect of French government is so baffling as the party system. The further its intricacies are explored, the more insoluble they are likely to appear. It is a relief to learn from Dr. Jacques, therefore, that the Frenchman himself is sometimes nonplussed by the phenomena which confront him. For instance: "It is very difficult to tell what the exact and precise results of the elections of 1910 were; we should encounter still more formidable obstacles if we tried to discover those of earlier general elections." Dr. Jacques has very properly emphasized this element of indefiniteness, for any attempt to fit French parties into a rigid and logical scheme would obscure some of their essential characteristics.

Dr. Jacques has by no means provided a complete survey of partisan activity under the Republic. He has nothing to say about campaigns and elections, nothing about parliamentary tactics, and very little about history. The history of parties is carried to 1876 and there abandoned with the apology that several volumes would be required for its completion. This is a regrettable omission; and the validity of the excuse is perhaps open to question in view of the fact that so much space is allotted to a theoretical disquisition on the origin of parties and to an examination of the English "caucus" and the Jacobin Society. The theories, though interesting, are hardly conclusive. Dr. Jacques cites Boutmy, Pasteur, and Delpech in justification of the two-party system; he quotes President Poincaré's plea for a third party, "very large, but still homogeneous," which should seek to harmonize "these two correlative notions" of conservatism and socialism; and, expressing an opinion of his own favorable to the existence of four parties, he has to admit that French practice fails to accommodate itself to the ideal.

The greater part of the volume, however, has to do with things that are altogether concrete. It is devoted to an analysis of existing parties from the standpoint of principles and organization. Hitherto, except in the case of the Socialist party, this field has been neglected. Dr. Jacques has broken new ground. Fortunately he has not contented

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himself with general observations. He has made good use of party literature; and in the appendix will be found the official rules and platforms of the groups, invaluable materials for the use of those who may not find it easy to obtain them in pamphlet form.

E. M. Sait.

City Planning. By Charles Mulford Robinson. New York, G. P. Putnam's Sons, 1916.—xiv, 344 pp.

City planning today stands more in need of a publicity agent to advertise its virtues than of an advocate to prove that they exist. It is rather surprising, in fact, that a movement so vitally dependent upon a vigorous and sympathetic public opinion should have called forth so small an amount of literature designed to attract, edify and educate the ordinary citizen. Professor Robinson's study, therefore, will go far toward meeting a longstanding need. Combining the scientific accuracy of the expert, the vigorous directness of the journalist, and the clarity of the college teacher, he has given us a book which should have a wide influence in making the problems of city planning intelligible and its advantages apparent.

The full title of the book, *City Planning with Special Reference to the Planning of Streets and Lots*, indicates an important limitation which the author has placed upon the scope of his study. Housing, transportation, civic centres, and parks are considered incidentally or not at all. The author has further confined his attention in the main to the planning of new cities or new sections of old ones, leaving out of account the problems of replanning. Within these limits, however, the problems of city planning are treated with thoroughness and breadth of view.

The first section of the book deals with standardization in street platting. The rectangular or checker-board method of laying out streets has been widely utilized because it has seemed the most obvious and certainly the easiest way of planning a town or city. It is not without its advantages of convenience and economy. The argument for standardization proceeds, however, upon the false assumption that all the streets in a city are for the same purpose and will be used in the same way. Professor Robinson points out definitely the economic and social shortcomings of standardization. It involves a waste of land and high cost of maintenance due to the unnecessary frequency of cross streets. It prevents stability in land values by taking away any assurance that business and residence interests may not wander at random into dis-

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tricts or streets which under such a system seem to be particularly designed for neither. Finally, the uniform and unnecessary width of streets, by making financially necessary the intensive use of the land, fosters high buildings and tenements.

The evils incident to this standardization are to be avoided by functional street platting, and to this subject the author has devoted nine chapters. Functional street platting is merely the eminently sane process of determining what a street is to be used for and of planning it so as best to serve that purpose. It will mean economy in money and land, a steadying of land values, and the better adaptation of both street and abutting property to the particular uses of residence or business for which they are designed. The author's enumeration of the possibilities which this method of planning affords is of great interest and importance.

In the third section of his book Professor Robinson sets forth the legal status of the city-planning program in its essential features and discusses some of the more important changes in that program which are nowadays proposed. In the first place, city planning calls for centralized control on the part of city and state. We have been inclined to turn our city-planning problems over to commissions, frequently ill-organized and usually well-nigh impotent. Planning powers should be enlarged and centralized. Furthermore, effective planning is impossible if the authority to act must cease at the arbitrary and imaginary line called the city boundary. Planning commissions should be given power to operate as far beyond the city limits as may be advisable.

A brief discussion of excess condemnation of land presents the history of the movement in this country and summarizes the present provisions for it in the law of American states. Professor Robinson points out four important limitations of this scheme. The city must dispose of its surplus holdings quickly if it would profit by excess condemnation, and this might well preclude the use of the scheme for the development of unsettled and outlying tracts. It calls for a heavy outlay of capital or a wide expansion of the city's credit. There is a possibility of financial loss due to the ill-advised buying of land. Lastly, the city is not as well equipped to secure the profits from an excess-condemnation project as would a private corporation administered with more flexibility. All this points to the conclusion that excess condemnation had best be used in the main only for the protection of improvements and the replotting of remnants of land.

Careful consideration is given in a separate chapter to various methods of street widening. Where it is too late to establish original building

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lines, the city may provide for the gradual widening of built-up streets by marking out lines to which changes or improvements must in future conform, or by purchasing the abutting land which it may rent to the former owner till the buildings upon it have served their purpose. A final chapter deals briefly with the problem of zoning or districting cities for the purpose of segregating business and commercial interests and protecting residence sections. This is of utmost importance to the city planner, because it determines in advance for what purpose a given section of the city is to be used. A conclusion to the entire book sums up the limitations and benefits of city planning. When intelligently employed it serves the individual and the community in like degree.

One of the admirable features of Professor Robinson's book is the exceedingly clear and withal interesting manner in which he presents material which is somewhat technical in character. If the book is of value to the student and the expert it is of equal value to every urban citizen interested in the vital problems of his town or city. An excellent index and a large number of plans and photographs add greatly to the usefulness and attractiveness of the book. Professor Robinson has rendered a large service to the cause of city planning. It is to be sincerely hoped that he will ultimately produce another volume dealing with those problems of city planning which he has found it necessary to exclude from his present work.

ROBERT E. CUSHMAN.

UNIVERSITY OF ILLINOIS.

Married Women's Work. Edited by CLEMENTINA BLACK. London, G. Bell and Sons, 1915.—vii, 292 pp.

The investigations on which this book is founded were undertaken in 1909 and 1910, and the volume, although only published in 1915, was completed before the outbreak of the war. It is therefore with married women's work in normal England that the writers are concerned, not with the extraordinary developments of women's work that have taken place since the end of 1914. There are twelve reports, each made by an investigator to whom was assigned a special area—London, Yorkshire, Manchester, Liverpool, Reading, Glasgow, Leicester and certain rural districts being the places chosen. The London investigation, which is the most extensive, was undertaken chiefly by Miss Black, although one special "slum" was assigned to another worker. Miss Black also writes the introduction, in which is summed

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up the general conclusions reached. Altogether Miss Black's work constitutes rather more than one-third of the volume; the reports of the eleven other field workers occupy one hundred and fifty pages, while fifty pages more are taken up with summaries and charts. No attempt is made to cover the whole of any field; but there is an honest endeavor to select cases that are fairly typical and so to present a true picture of the work and conditions of married women in different localities and trades.

The general conclusion reached by Miss Black and by all her eleven collaborators is in favor of paid work for married women. The evil is not in the work but in overwork and underpayment. When a woman works long hours for small pay and then continues her labor through the night to perform the household tasks necessary for her family, the result is certain to be ill-health for herself and a high rate of mortality for her children. But neither Miss Black herself nor any of the other investigators report higher rates of infant mortality for the women who go out to work than for those who stay at home and on account of extreme poverty are unable to obtain sufficient food for themselves and their children. The very general reason for married women going out to work is the insufficiency of the wages of their husbands. Either the men, even when in regular work, cannot earn enough to keep the family, or else periods of unemployment and irregularity of work force the wife to take her share in earning the family income. In the introductory chapter Miss Black says:

> Until the pay of men is much better than at present, any attempt to prohibit the work for wages of wives would intensify hardships that are already cruelly severe. . . . On the other hand, in households where poverty is not severe, such prohibitions would be without excuse, because in these households the mothers who work are not found to be overdriven, the children are found to be well cared for, and the houses clean, comfortable and—comparatively speaking—spacious. In short, the poorer wives must work for money, and when the less poor wives are found doing so, their houses and families are demonstrably not the worse but rather the better for it.

This point of the excellence of the homes of the working married women is emphasized again and again. Speaking of the women who could if they chose live on their husband's wages but who nevertheless devote many hours a day to paid work, Miss Black writes:

> As a rule they are highly skilled and well remunerated; many of them pay

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for domestic help; the great majority buy educational advantages for their children; very often they are able to provide for health-giving holiday outings. Such women are nearly always conspicuously competent and are marked by an independence of mind which I believe to be derived from the consciousness of their power of self-support. Almost invariably their houses are well kept and the family accommodation adequate. To visit them is to go away encouraged as to the future of the race and greatly shaken in a prior opinion as to the undesirability of wage-earning for wives.

At the other end of the scale from these prosperous wage-earning women who, like their sisters of the upper classes, pay for expert care of their children while they are at work, or perhaps leave them in the care of competent relatives, there are the women who must earn or starve. The family budgets given in many of the reports make one wonder how the English nation continues to exist, when families have to live on such microscopic sums. Seven to ten shillings a week seems to be the average amount earned in many parts of England by women working ten or eleven hours a day. In some cases the husband contributes from eighteen to thirty shillings; but there are many cases recorded in which the wife is the chief bread-winner. The more children there are, the greater the need of the wife's earnings. The worst paid women are in general the victims of necessity, working for sheer existence for themselves and their children. It is these women who keep down the rates of wages, because they must accept whatever is offered. But even in the worst cases it is pointed out that the only alternative is the breaking-up of the home and the scattering of the children in various institutions, and that the women will endure incredible hardships in order to keep together the miserable little dwellings that they call home.

The inquiry was undertaken with a view to ascertain whether any legislation on the subject of married women's work was desirable. The general conclusion reached is that if legislation is undertaken it should be aimed rather at securing a minimum wage both for men and women and at securing aid for widowed or deserted mothers, which would probably be done on the lines of the mothers' pensions adopted in many of the states, than at any restriction or prohibition of paid work for married women. This conclusion seems amply supported by the evidence which the authors adduce from the various fields in which their investigations were conducted.

A. G. PORRITT.

HARTFORD, CONNECTICUT.

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Immigration. By HENRY PRATT FAIRCHILD. New York, The Macmillan Company, 1913.—xi, 455 pp.

It is the plan of the author not so much to describe the immigrant and his life as to discover the fundamental factors which cause the immigration and the problems encountered by the immigrant or caused by him. The introductory chapter is a general survey of human migration, attention being called to the different types of movements from folk-wanderings through colonization to immigration.

> Immigration is a movement of people, individually or in families, acting on their own initiative and responsibility, without official support or compulsion, passing from one well-developed country (usually old and thickly settled) to another well-developed country (usually new and sparsely populated) with the intention of residing there permanently.

If this definition be accepted, then prior to the founding of our national government both colonization and immigration took place, the former applying to movements, say, of the English from the home country to dependencies in New England. Even in early years colonists were generally welcomed; immigrants from other nations generally undesired. In essence, as the author points out, these attitudes still persist. The Italian welcomes the Italian; the Jew, his fellow religionist; the Slav, his relative; while the other groups are not so sure that these are to be desired.

The first eight chapters give an exceedingly well condensed description of the immigration to the United States, a survey of the state and federal legislation, and a study of the make-up of the immigrant tide. Economic conditions are regarded as the chief cause of the movement, but these are supplemented by other factors. The author believes that the bulk of present immigration is stimulated by steamship and labor agents and, chiefly, by friends already in America. It is too early, thinks Dr. Fairchild, to know what the effects of immigration are to be; for the significant results are those which will appear in the future. His discussion, therefore, notwithstanding its importance, has an element of uncertainty. In dealing with the argument for and against immigration, he considers the "effects upon the United States, the effects upon the countries of source, and the effects upon the immigrants themselves." From this discussion he omits the orientals as being practically barred out by our laws.

Two chapters are devoted to the standard of living, and evidence is given to show that this is inferior to that of the native laborer. Under

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the caption "Conditions, Economic and Social" we are told of the padrone system, of peonage found in every state save Oklahoma and Connecticut and worst apparently in Maine, of the immigrant banks, and of "home and aid societies" which are often money-making schemes disguised as social agencies. Of the religious phase of the immigration problem the author says that "there remains an astonishing apathy on the part of the body of American Protestant churches toward the religious and moral needs and dangers of the foreign population, and of the opportunities for service which it offers."

A careful survey is made of wages, pauperism, crime and insanity. If immigration has not actually lowered the wages of natives it has, in the judgment of the author, kept them from rising, which amounts to the same thing. With reference to poverty Professor Fairchild says that "our foreign-born residents add to the burden of public and private relief an amount largely out of proportion to their relative numbers in the general population and that this burden is likely to be an increasing one." Nevertheless he believes that "it is not altogether, if at all, the immigrants' 'fault' that there is so much pauperism among this class" and that

> there is something radically wrong in the industrial adjustment of the United States when so large a number of foreigners, who come here primarily for motives of financial betterment, and who are not by nature thriftless, are unable during a long period of faithful labor to lay up anything against the period of helplessness.

On the whole, the author considers that native Americans are more criminal than the immigrant. Yet the Black Hand form of blackmail and the white-slave traffic are regarded as significant, though not so highly organized as often supposed. Native-born children of immigrants show a high crime rate, and this is held to be "one of the most disturbing elements in the whole situation."

Immigration, the author says, has influenced the distribution of wealth, whether or not it has really caused any increase. There seems to be some connection between immigration and American financial crises. It has also caused social stratification, though this is just beginning. The position of the Jews is changing as the number of the race becomes large. Immigration takes on new aspects as the country becomes settled. While free immigration may have been good in the past it does not follow that it will continue to be helpful. The one great argument for immigration is the economic, and this, Professor Fairchild believes, is not valid today, since "it is hard to see any important

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respect in which the United States, at the present time, really needs immigrants." "It would be foolhardy to deny" he says "that, at the present time, there are immense unassimilated elements in our population—immigrants of the first or second generation, possibly even of the third. . . . Our knowledge of how to produce satisfactory social relations is far behind our knowledge of how to produce wealth." We need better inspection of immigrants at home and on ship. Better distribution must be secured, or else we must admit the impossibility of doing all we should for the immigrant, and hence forbid him entrance.

Professor Fairchild has produced one of the best studies of the subject. He has tried to be fair and judicial and to take a broad-range view. Though the reviewer does not always share the author's viewpoint, he does share his appreciation of the difficulty of really knowing the facts about many of the questions discussed. The author is to be criticized for referring uncritically to one or two books which show that the authors have little real knowledge of the immigrant and then omitting all reference to Hourwich. In discussing exploitation, no mention is made of the treatment accorded the foreigner by our minor courts. In the opinion of the reviewer, the author has understated our own responsibility for introducing the immigrant to the best we have to offer, though at times he touches on this. It seems unfair to catalogue the immigrant's failures without making some effort to show his virtues and successes. If we are to list the Italians in jails, insane asylums, and almshouses, fairness requires that mention should also be made of the amount of property owned by Italians, estimated at $100,000,000 in New York City.

CARL KELSEY.

UNIVERSITY OF PENNSYLVANIA.

The Nature and Purpose of the Measurement of Social Phenomena. By A. L. BOWLEY. London, P. S. King and Son, Ltd., 1915.—viii, 241 pp.

This book presents the material covered in five public lectures given in the Faculty of Economics of the University of London in 1914. The author recognizes the fact that the title offers promise of more than he has been able to fulfil in this brief exposition, but it seemed desirable to publish the lectures promptly because they "deal with matters of immediate importance to social workers and investigators." Especially those who gather data, but also those who seek to weigh the significance and limitations of facts already gathered, will find these pages full of

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illuminating suggestions and timely warnings, meant to promote the scientific character and practical results of their work.

Measurements are frankly regarded as means to an end, i. e., "accurate and comprehensible description that makes possible the visualization of complex phenomena." It is this that the scientific investigator, the social worker, or the social reformer needs in order to comprehend the magnitude of his problems and their relations. The reading of the latter part of the book will promote a better understanding and a more common-sense discussion of the problems connected with standards of living and economic progress. Economic phenomena are included under the term "social," which is to be distinguished from biological phenomena. The task is to "determine what are the facts which it is essential to know and devise a means of ascertaining them."

The discussion covers such topics as the following: the relation of persons to geographical area, and the significant subdivisions of area for purposes of enumeration; the classification of individuals within a group according to occupation and industry, and according to social position as determined by occupation, income or habits; the classification of individual and family incomes; the nature of family income; the methods of measuring the consumption of individuals and families, and the difficulties in securing and interpreting family expenditures; the meaning of standards of living, and the relation of minimum standards to poverty; and the significant elements involved in the measurement of economic progress.

The illustrative material is drawn from English sources but the principles developed have a far broader application. The chief merit of this book appears not so much in the author's statement of what it is desirable to measure in precise terms, as in his scientific limitations of the things which can be measured with sufficient accuracy to warrant conclusions of value. The need for well-understood definitions of the things measured, and for comprehensive classifications within which the specific thing measured finds its proper place and relations, are emphasized by illustrations from actual data.

Difficulties and pitfalls are clearly set forth in terms of concrete material. It is by such methods of procedure that statistical data may be rendered more accurate at their sources, in the collection and tabulation. No amount of effort expended on refined methods of handling data after they have been gathered and tabulated, can compensate for vague and ill-defined terms and inadequate classifications which have already hopelessly confused the raw material of an investigation.

ROBERT E. CHADDOCK.

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Depositenbanken und Spekulationsbanken. Ein Vergleich deutschen und englischen Bankwesen. By ADOLF WEBER. München und Leipzig, Duncker und Humblot, 1915.—xvi, 384 pp.

Bankpolitik. By FELIX SOMARY. Tubingen, J. C. B. Mohr (Paul Siebeck), 1915.—xi, 289 pp.

Das Depositengeschäft der Berliner Grossbanken. By GUSTAV MOTSCHMANN. Munchen und Leipzig, Duncker und Humblot, 1915.—xxi, 662 pp.

Covering, from quite different angles, some of the latest developments of both theory and practice in German banking, these three volumes offer an excellent review of the situation in that branch of business existing prior to the European War. Dr. Weber remarks that, while it proved impossible to add to the contents of his volume subsequent to the outbreak of the struggle, much that had occurred prior to the time of his last writing had confirmed, and little or nothing had tended to disprove, his conclusions. The other volumes frankly deal with conditions as they were before the opening of the contest. All, therefore, relate to what, in the rapid march of recent events, must be regarded as a past era in banking abroad; for, however farsighted and able the analysis and conclusions offered, much that has happened could not have been foreseen, much will call for further description and explanation, and some at least of the material is already behind the times. The group of volumes, nevertheless, affords an excellent body of basic information for the use of those who would thoroughly examine from an historical standpoint German and general European banking problems as they will exist at the close of the struggle. They must, in the light of recent events, be regarded as incomplete, and their conclusions must be received with some caution at important points, but they supply a distinctly useful body of data. Very interesting comparative statistical matter is embodied in each of the studies, either as appendices or as additions to and illustrations of the textual discussion.

Dr. Weber's work is probably—to American readers at least—the most interesting of the three volumes. Chiefly devoted to a comparison of the merits and demerits of the German and English systems of banking, it contains a sufficient amount of introductory historical matter to enable the general reader to follow the theoretic analysis of current practice with intelligence. The first portion of the study is devoted to the development and tendencies of note-issuing institutions in

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the two countries; from this attention is shifted to the organization and business of the *Spekulationbanken* — the commercial banks as we should call them—of England and Germany. From one standpoint the book may be described as a comparison of the note-and-reserve systems on the one hand, and of the commercial and investment banking institutions on the other. Dr. Weber discusses with special care the drift toward the concentration of business in the hands of the "great banks"—a tendency regarded as the necessary outgrowth of the steady increase in the size of the business unit all over the world—the development of the branch system, the various forms in which commercial loans are being currently made, the capacity of the various types of institution for earning dividends, the degree of safety they afford to customers, and finally the points at which reforms are needed.

It would be impossible to do more than mention one or two of the more striking points developed by the author, but among these should be noted his argument designed to show the growth in recent times of an over-expansion of credit in both countries through the use of the acceptance, and the failure, particularly in England, to guard the liquid condition of the bank assets with adequate care. As to the former point Dr. Weber makes it clear that great as is the utility of the bank acceptance in the development of the discount market, very slight errors in judging credit may make it an exceptionally dangerous element in the situation at almost any moment. The great recent expansion of the acceptance business in England has, according to the author, been carried to a point which promises that it will [illegible] equal that of the German banks, although the development even with the latter "*nicht so erschreckend ist wie es manchmal dargestellt wird.*" A point of difference more important than the mere amounts of the acceptances is that, whereas in England the acceptance is chiefly used to effect transfers or shipments of goods, in Germany it serves also the purpose of a means of making production loans. The general expansion of credit obligations as compared with cash has been a notable feature of banking development in both countries for several years past and indicates a condition of declining "liquidity." Various ways of overcoming this danger are noted and special stress is laid upon the need of better bank examinations. The English system of examination is, however, regarded as far from affording a pattern for other countries.

Dr. Somary's work, *Bankpolitik*, is more dogmatic and general in character than the descriptive discussion of Dr. Weber. Nevertheless it is by no means abstract, since it affords a good many practical illustrations and analyses. The author first analyzes the idea of the bank

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as such, and classifies banks by groups of institutions. The proper relation between the various items included in gross assets and those included under gross liabilities is then considered, and the treatment turns to a detailed account of the principles governing the use of various classes of accommodation, such as current refundable credits for use in exporting and importing, acceptances, loans for productive purposes, stock-market advances and others. This portion of the volume is succeeded by a discussion of the note-issue question, involving the use of notes in reserves, taxes on note issues, and a variety of kindred topics. In a final section the concept of a market for capital as distinct from a market for discounts or commercial credit is set forth; and in this connection the book goes considerably beyond the field which English or American writers would include under the title *Bankpolitik*.

Most readers in the United States will find their interest much more strongly held by the earlier portions of the work. A good deal of the volume is occupied with the arrangement in somewhat new or unfamiliar ways of material already tolerably familiar to the informed reader. In sundry cases American and English students will not altogether agree with the groupings adopted. Thus, for example, banks as such are classed as note-issue institutions, deposit banks, financing houses, insurance companies, and mortgage-loan concerns. In each and all of these, says the author, the essential banking idea exists, while a basis of differentiation is found in the ways in which they obtain and the ways in which they apply their funds. It is admitted that there is in practice a "union" between the note and deposit business; but why such should be the case is not explained, nor is the identity of the note and deposit clearly established. So, likewise, in his classification of money-market credit, Dr. Somary recognizes two groups of loans—those based on industrial operations and those based on stocks. Both classes, he says, have certain properties or qualities in common: notably (1) short-term maturity, (2) application to a specified economic purpose, and (3) separation between the interests of lender and borrower, the former not being directly concerned in the success of the enterprise for which the loan is obtained. There will be doubt in most minds as to the validity of this analysis, particularly as regards the short-term maturity of the stock-exchange loan in any other than a purely technical or legal sense. There are also parts of Dr. Somary's volume in which facts have not been altogether carefully ascertained. A notable example is afforded in the treatment of the New York money market and banking situation, where several obvious and unnecessary errors of a serious nature are

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made in describing the system of deposits with reserve-holding banks. There are other points, too, chiefly relating to non-German conditions, at which the statements relied upon by the author as a basis for some of his conclusions appear to be anything but well founded. Altogether the volume is by no means so successful as the companion work already described.

A much more "intensive" and local study than either Dr. Weber's or Dr. Somary's book is found in *The Deposit Business of the Greater Banks of Berlin*. Recent years have witnessed important progress in modes of payment in the Berlin business and banking community. The development of the deposit and check system during the past decade has been the crucial point in the great alterations that have taken place in the money and credit systems of the Empire. Although at the time of the German bank inquiry some attention was given to the deposit question, the principal issues connected with or arising out of it were not sharply or closely analyzed, and the result has been, according to Motschmann, to leave the subject still in need of careful consideration with a view to bringing out its true bearings. With the gradual recognition of the issue of notes as a state-supervised and closely controlled monopoly, more and more emphasis has been laid in most countries upon the deposit account, and the author correctly emphasizes the thought that, for a good while past, much too close attention, relatively speaking, has been devoted to the note-issue function. That this function has become more and more closely allied with the issue of money and is today practically a subordinate element in the bank-reserve problem is a peculiarly German view which the author shares in common with many other recent writers. He is on safer ground when describing and emphasizing the commercial reasons that have tended in all countries, of recent years, to bring to the fore the deposit function, as opposed to note issue.

Probably the best part of the author's work is found in that considerable portion of his book which is devoted to a review of the prevailing practice of the different classes, professions, groups of business and other elements in the community regarding the use of the check and deposit system. While in many cases it is not possible to give exact statistical data on this subject, the general conditions set forth by the author are illustrative of the very recent changes and tendencies that have occurred in German commercial circles and afford probably a closer and more detailed review of the general situation than any thus far made available—certainly to English-speaking readers. While the study is far too highly specialized to be of direct value to more than

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a limited number of American students of currency and banking, it will undoubtedly afford them distinctly useful data when the general state of things in Germany comes up for review at the close of the war and requires some fixed milepost, representing ante-bellum conditions, for use as a starting point from which to measure the changes that have taken place.

It is an interesting circumstance that volumes of so elaborate and detailed a character, relating to currency and banking but without more than a remote reference to the changes of the past two years, could be issued in Germany at a time like the present. The fact speaks loudly of the subconscious belief evidently present in each author's mind that whatever may be occurring out of the ordinary today is purely a temporary phenomenon soon to be thrown into the background by the restoration of the "normal" or "evolutionary" conditions that prevailed at the beginning of the struggle. These were the result of a long period of development, not only in banking, but in the building up of economic institutions generally upon the footing they had gained just prior to the opening of the war, and a radical transformation evidently is not looked for. How far this confident expectation, which forms the chief basis for the publication of such volumes at the present time, will be sustained by facts, only the future can determine. Meantime, the process of testing the banking and financial system upon which Germany depends, and of ascertaining the degree to which her newly-evolved commercial practices may be considered sound and stable, is still going on, and from day to day assumes new degrees of seriousness and severity. A careful study of conditions as they existed two years ago throws much light upon the points at which weaknesses may be expected to develop and the reasons for not a few of the unexpected expedients that have been adopted for the support of the financial mechanism of the country.

H. Parker Willis.

Federal Reserve Board.

Rural Credits. By Myron T. Herrick and R. Ingalls. New York, D. Appleton and Company, 1914.—xix, 519 pp.

The purpose of this book is to "throw light upon the subject of rural credits and to lay before the American people the customs and laws in operation in other countries." Its point of view is that of the experienced worker in the coöperative field, slightly tinged, perhaps, by partisan Republicanism (page 32), together with an extraordinarily vivid appreciation both of the dangers of socialism and of the tran-

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scendent value of that good old capitalistic doctrine, miscalled "*laissez faire*" (pages 148, 225, 254, 267, 344, 378, 397). But these emotional colorings appear only as digressions and do not detract from the really scientific attitude adopted toward the central problem, the organization of farm credit.

The first of the two parts into which the work is divided is entitled "Land Credit." On this subject the authors conclude that it would be advantageous for us in the United States to try the oldest and most successful of the European systems—the *landschaft* or borrowers' association. Part ii is entitled "Coöperative Credit." It is notable chiefly for a careful review of the work of Raiffeisen and his banks without capital. The book therefore advocates two plans: the Raiffeisen system for short-term loans; and, for long-term real-estate credit, the borrowers' association with authority to issue debenture bonds.

In style and structure the whole book is unusually good. Its most serious technical fault is the absence of any bibliographical notes. The indexing is very mediocre. The only important criticism to be made upon the manner of dealing with the subject-matter is that the importance of state aid, and, in particular, the work of the "Chambers of Agriculture" in the development of German rural credit, has been seriously underestimated.

The authors mention these "Chambers" but once (page 301), yet by examining other works we find that these units of local government were established in 1894 "to protect the collective interests of agriculture and forestry; also to favor *corporative* organization of the professional class of farmers." For this purpose they have been given government subsidies as well as independent tax resources. They are units of local government similar to the "counties" of England; that is, they do not include the urban population. For instance, the province of Saxony has a population of about three millions, of whom about one-half are classified as "rural." The ordinary tax revenue of its "Chamber of Agriculture" for the year 1908 amounted to over $250,000, and in addition to this the Chamber received various state subventions sufficient to bring its annual income, exclusive of "extraordinary revenues," up to about one-third of a million dollars. The chief executive of this Chamber of Agriculture serves also as chairman of the coöperative banking system for the province. Its officers give their time to that work. The Chamber's building forms the headquarters of the provincial coöperative bank. The chamber itself is, in large part, a coöperative propagandist organization. These services

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which the Chamber gives to the coöperative banking movement are entitled to much of the credit for the fact that the provincial bank operates cheaply and efficiently and that credit societies spread. The total operating expense of the provincial coöperative union of the province of Saxony for the year 1911 was not quite $60,000. When we compare this with the $330,000 spent by the Chamber of Agriculture of the same province, and consider the time and energy given by the Chamber's staff, it is difficult to agree with Mr. Herrick that "state aid and governmental encouragement have never been more than partial and incidental means of support."

But in spite of this defect the book as a whole is admirable. It is clear, comprehensive, and excellently written. The information is given in sufficient detail to be useful. Moreover, the authors have made a notable effort to be both thorough and fair. Their work is a real achievement. Of the books now available for American students of the rural credit problem, this volume is easily the best.

DONALD S. TUCKER.

COLUMBIA UNIVERSITY.

A History of Travel in America. By SEYMOUR DUNBAR. Indianapolis, The Bobbs–Merrill Company, 1915.—Four volumes; li, 1529 pp.

"I shall yet live to see it an English nation," wrote Sir Walter Raleigh, bravely hoping in his last dark days. There was a noble faith professed by some philosophers among the Stoics that strong, prophetic souls survived the pain of death, carried forward years or centuries according to their vigor. Perhaps the headman's axe but released the imprisoned knight to such another term of life in which, from some unknown vantage-ground, he has watched the slow transmutation of his vision into fact. Perhaps he has seen the mighty pageant of this western course of empire, the innumerable hosts, the pioneers—"we, the youthful sinewy races, all the rest on us depend"—fashioning crude contrivances with wheels or keel to carry goods and children, then new monsters of iron and steam yoked to do the work of man and mocking at the wilderness, long processions threading mountain passes and panting wearily across the deserts, home-builders reaching to the great South Sea. All this stirs the imagination, the mind feels the breadth of destinies as when one hears the epic story of the fall of Troy or the founding of eternal Rome. We Americans reflecting thus upon the romance of our great expansion are suddenly reminded that these things are for the most part done. When in 1912 it was proclaimed

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that Arizona and New Mexico were received as states, we knew that the long migration toward the setting sun, begun so many years ago, was at last virtually complete. What to our fathers was a working process has become accomplished fact, as much the stuff of history as the exploits of Agamemnon's ships or the companions of Æneas.

High hopes, then, are raised by the publication of a four-volume *History of Travel in America* by Seymour Dunbar. These hopes are not wholly realized, as reflection should have warned us. Only a master's hand could work out finally such a theme, and Mr. Dunbar will not be remembered among America's great historians. In the first place he is not a stylist. It is doubtful if he corrected and revised with precious care as often as did Gibbon. Frequently his eloquence is a bit naïve, sometimes his figures are difficult to visualize, as when he complains that the opportunities for the planful development of America were not improved: "But she did not see the chance, and threw it away" (page 5). The distribution of emphasis seems in some respects at fault, as when so large a part of volume two is given to outlining Indian treaties, while the development of turnpikes and the law and custom of the maintenance of common roads are scarcely mentioned. The author, believing that a work of scholarship should be replete with footnotes, has often torn from a sentence a modifying clause or a proper name and dutifully thrown it to the bottom of the page as if to satisfy these proprieties. He loves a bit of philosophy now and then, as when he describes the federation of the world (page 1129) or the moral superiority of the Indian to the white man (pages 61–67). Yet, in spite of some amateurish traces, the reader will feel grateful for a well-done work, which, though it bears not the finality of a classic, will be reckoned as that of a pioneer in the large generalization of this important subject.

Though large print, copious illustration and heavy paper make the narrative seem longer than it is, yet it is plainly the fruit of research extending over a considerable time. Such observations as "for about thirty years, and until recently" the importance of Marcus Whitman's journey of 1836 was overestimated (page 1218), and that the truth about the Donner party was not known "until recently" (page 1296, note), when illusions were dispelled by a book published in 1877, lead the reviewer to suspect that the work was begun many years ago, while the study of early western canals has apparently been made within the last half dozen years (see authorities discussed in note, page 825). The notes and bibliography disclose some rare works of the 'thirties and 'forties together with the familiar sources, though the author seems to

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have disdained the aid of Hulbert's elaborate *Historic Highways*, most of the narratives in Thwaites's edition of the *Early Western Travels*, and many of the accounts of foreign visitors who went here and there among us eighty or a hundred years ago. More could be gained from "the English story-writer, Charles Dickens," for example, than one comment on inclined planes.

The curious reader will indulge some speculations as to the purpose of the index of these volumes. Generally a thorough working knowledge of the alphabet is sufficient to carry one through an index, but not so here. If one thirsts for knowledge of the National Road, let him not dally near the letter N, but read forward from the beginning until he comes to "Governmental Creation, Ownership or Control of Travel, Transportation and Communication Routes," then until he reaches the sub-caption "Federal Actions and Attitudes," under which, in due course, he comes upon the National Road itself. Supposing he decides to learn of life on the Oregon Trail, he has but to turn to "West" then find the sub-caption "Overland Emigrants," in which paragraph he will find concealed the object of his search; or if he seeks more information about the settling of Michigan, he will find it under "Pioneer Life of Caucasians, Mississippi Valley Conditions, Early Government." Let him draw up an easy chair and while away an evening in such inquiries; it is as interesting as studying an almanac; for example, he may not suspect when he opens to "Wagons; Wheeled Vehicles *exclusive of stage-coaches*, in general" that he will soon learn that "railroads cause horse panics." This is no ordinary index; if it had been given to the public in the Middle Ages some one would have written a learned commentary on it or made it the subject of a course of lectures.

There are good chapters on stagecoach travel, the introduction of the steamboat, and the migration of the Mormons, but the chief utility and charm of Mr. Dunbar's service is in the assembling of the illustrations. When the author "expresses his thanks" in the preface we find names unfamiliar to most students of American history, but closer inquiry reveals the debt to many of New York's collectors of old prints. However the author has accomplished his collection, it wins the applause and gratitude of every reader. By following through this series of four hundred old pictures, one will learn more of the ways and means by which our civilization has spread from sea to sea than by reading many books. Though unfortunately the arrangement of the illustrations often bears no relation to the text, this feature of the book makes it to a much greater degree a real contribution to the literature of American history.

DIXON RYAN FOX.

COLUMBIA UNIVERSITY.

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The Oxford Survey of the British Empire. General Survey. Edited by A. J. HERBERTSON and O. J. R. HOWARTH. Oxford, The Clarendon Press, 1914.—vi, 386 pp. with map.

Of the nine essays in the general survey of *The Oxford Survey of The British Empire*[1] four are of such outstanding value as to make the volume indispensable for any student of Great Britain and her oversea dominions and colonial possessions. These four essays—each characterized by distinction of style and comprehensiveness of treatment—are: British Colonial Administration and its Agencies, by Sir C. P. Lucas; The Legal Problems of the Empire, by Mr. Arthur Page; Professor H. E. Egerton's Summary of Imperial History; and Mr. E. B. Sargant's essay on the Educational Problems of the Empire.

Sir Charles Lucas's article extends to seventy pages; and it is inconceivable that any writer on colonial administration could have made more efficient use of the space. He dates the beginning of the British Empire from the opening of the seventeenth century, and traces the evolution of its administration down to the organization of the royal commission of 1911 on the trade and natural resources of the oversea dominions. Particularly interesting are the pages in which Sir Charles discusses the lack of continuity in administration that marked the seventeenth century; the attitude of the Whigs of the nineteenth century towards oversea dominions; the changes in the relations of the dominions to the Colonial Office; and the influence of Germany since 1880 on the extension and development of the Empire. He dates the third era in the history of the empire from the peace after Waterloo, and shows that during the last hundred years it divides itself automatically into two epochs. Sir Charles places the dividing line in the decade 1870–1880, and shows that the Empire then took a new start.

It was at this time that a revulsion in public feeling in England began to be apparent against the Whig doctrine which, if not often put into words, was beyond question strongly held, that the colonies—meaning the present self-governing dominions—must go their ways for good or ill, and that peaceable separation of them from the mother country was the order of nature, and might not be an unmixed evil for either party.

[1] British Colonial Administration, by Sir C. P. Lucas; The Foreign Office, by R. M. Barrington-Ward; The Legal Problems of the Empire, by Arthur Page; Summary of Imperial History, by H. E. Egerton; Imperial Defence; Educational Problems of the Empire, by E. B. Sargant; Problems of Health and Acclimatization in the British Dominions beyond the Seas, by F. M. Sandwith; The Mapping of British Territories, by Col. C. F. Close; Some Aspects of Imperial Commerce and Communication, by O. J. R. Howarth.

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If any criticism be offered of the author's treatment of this part of his subject, and of his explanation of the forces that created the present-day interest in England in the oversea dominions, it is that the attitude he describes was not peculiar to the Whigs. It was the attitude of the Radicals of the middle years of Queen Victoria's reign, and also of Conservatives like Peel and Disraeli.

The revival of interest in what are now the Dominions is ordinarily dated from Queen Victoria's Jubilee in 1887. As recently as 1880, the Canadian tariff, with its protectionist duties against British manufacturers, engendered much soreness in England. There was no general revival in England of popular interest in Canada, Australia and New Zealand, until England, and particularly English manufacturers and the exponents of their views in the free-trade press, had accepted as permanent the trade and fiscal policy to which Sir John A. Macdonald committed the Dominion of Canada in 1879. In estimating the forces that brought about the revival, Sir Charles also ignores the fact that much of the new interest was due to developments within the oversea Dominions. The Dominions prospered during the era of indifference. During these years they drew to themselves the large—almost unlimited—powers of self-government they now enjoy; and when it was realized in England that the Dominions had arrived—a realization that was complete by 1897—popular interest no longer needed any stimulus from within the United Kingdom. From its comprehensiveness, its style and its sympathy with all that democracy has achieved since 1837 in what are now the Dominions, Sir Charles Lucas's contribution of seventy pages to the General Survey must long rank as one of the classics of political science.

For everyday usefulness to students of the organization of the British Empire in its judicial and legal aspects, there is nothing in print comparable with the thirty-page examination of the legal problems of the Empire which Mr. Page has contributed to the General Survey. Its special value is that it traces the development and functions of the Judicial Committee of the Privy Council from 1331 to the present time, and summarizes and estimates the potency of the movements in Canada and other of the Dominions for greatly restricting the cases that can be taken from appeal courts in the Dominions to the Privy Council in London. In discussing the administration of justice in the Dominions Mr. Page is perhaps a little too optimistic in his estimate of the calibre and abilities of the judges. "No doubt," he writes, "in years long since gone by, the judges who administered justice in the oversea dependencies and colonies were not of the highest judicial calibre. But

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at the present time this can no longer be stated with truth." In making this general statement Mr. Page must have overlooked the strictures of the late Goldwin Smith on several high judicial appointments made by the Laurier government at Ottawa between 1896 and 1911. In these cases men who were of the bar, but who had been long out of practice because they had been continuously in politics and holders of political offices, were appointed to the bench, not because they were experienced and capable, but because they had political influence or because the offices they held were desired by other politicians.

Professor Egerton's Summary of Imperial History is well written, clear, comprehensive and well-balanced. He is, however, a little out of date, and would find few Canadians in sympathy with him in his allusions to William Lyon Mackenzie as "an individual demagogue." To his contemporaries in 1837 Mackenzie may have seemed to be something of a crank. But political progress in the Dominions, as well as in Great Britain, owes much to men who were regarded by their contemporaries as cranks, and there is now a monument to Mackenzie on Parliament Hill at Ottawa. Mr. Sargant's analysis of the educational problems of the Empire arising from differences in language, religion, and economic conditions, for freshness and suggestiveness ranks next in value to the contribution of Sir Charles Lucas. Its summing-up is that "the greatest educational conceptions which the mother country has to offer to all British lands are her ideals of character and of citizenship."

Not all of the nine essays are of even value. That by Mr. R. M. Barrington-Ward on the Foreign Office nowhere rises much above the hand-book level. It is written, moreover, in the old aristocratic and exclusive spirit of the Foreign Office—the spirit Cobden so well described in his letters when he was negotiating the reciprocity treaty of 1859-1860 with France. The history of the efforts of the old British North-American provinces and the Dominion of Canada to secure the power of making their own commercial treaties—an agitation that was almost continuous from the Confederate Council of Trade held at Quebec in August, 1865, to the negotiation of the commercial treaty with France of 1907 by Mr. William S. Fielding and Mr. Louis P. Brodeur—is one of the most fascinating chapters in the history of the British oversea dominions. It has an interest scarcely exceeded by the struggle for representative and responsible government of 1837-1848, or the developments of 1846-1859 by which the Dominions secured their complete fiscal freedom. Mr. Barrington's description of the change in the relations of the Dominions to the Foreign Office so brought about is grudging and inadequate. It is strikingly so in the

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light of the speeches and writings of Tupper, Laurier, Fielding and Brodeur, who have been outspoken in describing the power which Canada gradually drew to herself in diplomacy between the negotiation of the Treaty of Washington of 1871 and the Treaty of Paris of 1907.

The *General Survey* was in the publishers' hands—or at any rate ready for issue—before war began in August, 1914. Developments arising out of the war may necessitate some revision of Mr. Barrington-Ward's essay on the Foreign Office for the next edition of the volume. Much revision also will certainly be necessary in the unsigned article —thirty pages long—on imperial defence.

Edward Porritt.

Hartford, Connecticut.

The Life of Lord Strathcona and Mount Royal. By Beckles Willson. Boston, Houghton Mifflin Company, 1915.—Two volumes; xii, 544, 533 pp.

From the dedication to the last chapter, Mr. Beckles Willson's *Life of Lord Strathcona* is a eulogy. In some places it would seem to be an undiscriminating eulogy. In the preface, for instance, Mr. Willson makes the statement that to Lord Strathcona more than to any other man is due the material prosperity of Canada and much of her political temper. This is a large claim, despite the fact that at the time of his death Strathcona was governor of the Hudson's Bay Company, president of the Bank of Montreal, a director of the Canadian Pacific Railway Company, and from 1896 High Commissioner for the Dominion of Canada in London. Mr. Willson's tone towards Strathcona is exemplified when he records the fact that in 1887 Strathcona, who had been in the Hudson's Bay Company's service since 1838, was elected by the directors in London governor of the company.

> It was in this year that he, who had for so many years been the outstanding figure in the once mighty fur trade of Canada, became the titular governor of the Hudson's Bay Company. The suffrages of his fellow directors elected him to this position, first filled by Prince Rupert of the Rhine. It had lately lost its pristine glory; but the romance of the young Scottish lad, who, beginning at the lowest rung of the ladder, had finally achieved the summit, served again to shed, while he lived, a lustre on the chair.

Lord Strathcona, as one of the directors of the Canadian Pacific Railway Company, and as High Commissioner in London, undoubtedly had his part in the material development of Canada, and with charac-

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teristic thrift and shrewdness he drew at the same time to himself the largest fortune ever made in Canada. As High Commissioner he also had his part in the remarkable development of the imperial spirit in the years between the Jubilee Celebration of 1897 and the great war in which all the Dominions are so whole-heartedly embarked. But when the history of the Dominion of Canada from Confederation to the beginning of the war is written, it is exceedingly doubtful whether Strathcona's place will be quite as high as that assigned to him in this biography.

In the sense that Mr. Willson has had access to the Strathcona papers, to the archives of the Hudson's Bay Company, and to Strathcona's correspondence with Laurier of the period from 1896 to 1914, the biography is official. The letters that are embodied in it—and they are quite numerous—are of value chiefly for the light they throw on the organization and inner working of the Hudson's Bay Company; on the transfer of the Hudson's Bay Company's territory to the Dominion Government; on the Riel Rebellion, an episode of 1870-1871 arising out of the transfer; on the downfall of the Macdonald government of 1870-1874 in consequence of the scandal connected with the charter of the Canadian Pacific Railway; on the Manitoba school controversy of 1892-1897; and, finally, on the immigration policy of the Dominion government during the eighteen years when Strathcona was High Commissioner and was responsible for the carrying-out of this policy in the United Kingdom and in various countries of continental Europe. In these eighteen years—1896-1914—the Dominion government, acting through the Department of the Interior at Ottawa, spent in the aggregate nearly twelve million dollars on immigration propaganda in Great Britain, in continental Europe and in the United States. The propaganda was unprecedented in its scope and character; and the Strathcona correspondence makes it clear that Germany and Russia both objected to it.

Strathcona was a strong and dominating personality. Interest always attaches to the biography of such a man; and, as has been indicated in describing the correspondence which gives most value to Mr. Willson's book, Strathcona had his part in the making of much Canadian history between the taking-over of the Hudson's Bay Company's territory in 1871 and his death in London in 1914.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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In Western Canada Before the War. By E. B. MITCHELL. London, John Murray, 1915.—xi, 205 pp.

Quite a library of books on Canada written by visitors from England and Scotland accumulated between 1900 and August, 1914, when the whole of the British Empire became involved in the war. This new interest in Canada is easily explained. In the years from 1897 to 1914, the Department of the Interior at Ottawa expended twelve million dollars on immigration propaganda; and between 1900 and 1914 the Dominion received 2,900,000 immigrants from the United Kingdom, from nearly every country in Europe, and from the United States. Most of the books about Canada in these fourteen years were merely impressionist sketches. The best are only of value as affording glimpses of the Dominion during this period of growth and material development, when immigration figures were mounting yearly, when there was more railway building west of the Great Lakes than had ever taken place before in any part of the British Empire, and when at least one-third of the business men in the cities from Fort William to Vancouver were devoting themselves almost exclusively to the exploitation of urban real estate.

Miss Mitchell's *In Western Canada before the War* differs from most of the books written by British visitors since 1900 in two important particulars. The author was in Canada from May, 1913, to the winter of 1913–1914. The real-estate boom had collapsed before she reached Saskatchewan and Alberta, and consequently urban conditions in the prairie provinces differed greatly from those which had existed from 1907 to 1912, the years of greatest activity in immigration, real estate, and railway construction. Miss Mitchell's book is superior to most of the books written by visitors to Canada between 1900 and 1913, since she is an able student of economic and social conditions, and, unlike many of the other visitors, stayed long enough in Saskatchewan and Alberta to realize what the conditions actually were. Every page suggests that Miss Mitchell is a trained and discriminating observer. Moreover, she writes well; and the result is one of the best books on Canada written between the turn of the twentieth century and the eve of the great war.

Rural as well as urban conditions are described; and, as might be expected in a book by a woman, there is in its pages much about the daily life and outlook of women on the homesteads in the grain-growing provinces and in the new cities of Saskatchewan and Alberta. Like most visitors to Canada who stay long enough to realize conditions as

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they have developed since the adoption of the National Policy in 1879, Miss Mitchell discovered an antagonism between the manufacturing and commercial class and the farmers of eastern Canada and grain-growers of the prairie provinces. She also found that in Ontario the rural population was steadily declining; and that even in the West it was at best only stationary, notwithstanding the large immigration of the previous decade—conditions apparently due to the fact that farming has no romance for native Canadians, and educated men regard it as throwing their lives away.

The commercial classes, from the great financiers of Montreal to the storekeepers in the tiniest little town in Saskatchewan or Alberta, have, according to Miss Mitchell, "the profoundest sense of superiority to the land-owning farmers." Farmers and grain-growers could well afford to bear the contempt of the merely fashionable; but the men of the industrial and commercial classes control Canadian politics; and Dominion politics are, to say the least, run in their interest. "This," writes Miss Mitchell, "is the difficulty, and it makes the social gulf a serious matter." Conditions in rural Ontario are far from hopeful. Canadians living in the province concede that much. In a country in which a census is taken every ten years, Ontario rural conditions cannot be hidden. Even in the western provinces, rural life, as Miss Mitchell saw it in 1913, appeared to be in a precarious condition; and she evidently left Canada with the conviction that unless there are developments which will raise the economic position of the grain-growers, there is a real danger that a decay will set in in the prairie provinces like the rural decay in Ontario, and that grain-growing and farming will be left mainly to the new comers from Europe.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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BOOK NOTES

A recent volume in the historical series published by the Manchester University Press contains a very useful collection of documents on *The Making of British India, 1756–1858* (London, Longmans, Green and Company, 1915; xiv, 398 pp.). The object of the compilation, according to Professor Ramsay Muir, the editor, is to furnish a selection of contemporary materials illustrating "the process by which, in the course of a single century, the Indian Empire was established and its system of government developed." Wisely limiting his choice amid the voluminous masses of papers available, Professor Muir has concentrated attention on the reasons for the successive enlargements of British territory, on the stages in the growth of the British methods of administration and on the introduction of Western practices and ideas. Most of the matter presented is given in the form of excerpts. These are combined by means of explanatory introductions and footnotes into a more or less connected narrative. In several cases (e. g., nos. 2, 31, 61, 94, 110, 111, 112, 141) the sources are not given with as much definiteness as might be desirable. Sometimes (e. g., no. 32) the provenance is not described until after the excerpt has already been used. Documentary information regarding the introduction and extension of railways, irrigation, the telegraph, the postal service and scientific forestry is confined wholly to the "Minute by Lord Dalhousie" (no. 140). Practically nowhere is Indian testimony adduced to show the effect of western ways upon the native mind and customs. Indeed the fact of their entry seems to be emphasized more than the consequence of it. Pitt's speech of 1784 on the India Bill, also, and the despatch of the court of directors of 1834 might perhaps have been included.

A promising evidence of Indian interest in the study of political science along occidental lines is afforded by "The Indian Citizen Series," to which the general editor, Professor Panchanandas Mukherji, of Calcutta University, has added *Indian Constitutional Documents, 1773–1915* (Calcutta, Thacker, Spink and Company, 1915; lxxvii, 473 pp.). This he has supplemented by a special edition of *The Government of India Act, 1915* (*ibid.*, vii, 68 pp.), which consolidates into a single statute the mass of fundamental laws issued since the acquisition by the East India Company of the Dewani of Bengal in 1765. As the editor

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points out, the clauses of the act and the development of the British governmental system in the peninsula cannot well be understood without examining the more important documentary material that bears upon them. To facilitate this study, he has brought together some fifty-nine statutes, despatches, speeches, reports, circulars, regulations, resolutions, proclamations, letters and announcements, reproduced substantially in their complete form. Convenient though the collection is, it lacks notes prefatory to the several rather arbitrary divisions, as well as to the individual items, and often fails to indicate the precise provenance of the material. Nor does the long historical introduction, good as it is, refer specifically by number or page to what is later assembled. A few important acts, like those of 1793, 1813 and 1823, are omitted, and no index is provided.

The sub-title of *India and its Faiths: a Traveler's Record* (Boston, Houghton Mifflin Company, 1915; xvi, 483 pp.), by James Bissett Pratt, is misleading. Instead of a series of more or less dubious impressions committed to paper by a tourist who has "done" what is perhaps the most difficult country in the world for an outsider to understand, the work supplies the record of a distinctly competent observer and of a reader and compiler who knows much of the best literature on the subject. As an excuse for this addition to a lengthening list of books of similar import, the author pleads his special interest in the psychology and philosophy of religion, quite apart from considerations of Sanskrit lore and missionary literature. The result of his labor, at all events, is an accurate, luminous and agreeable account of the various cults, the reform movements and the Christian missions, closing with a number of thoughtful indications of "what the West might learn." Its emphasis is rightly laid upon the social aspect of the "faiths," rather than upon their presumably religious character—this being notably true of Hinduism, the chief of them, which the author defines as "the accepted manner of life of those born within certain castes and families" (page 117). If the intent of his initial chapter, however, "On Avoiding Misunderstandings," had been applied to the table of contents, Professor Pratt might have arranged his selection of titles in a way less confusing to anyone who does not know in advance that several of the topics are in reality subdivisions of what has gone immediately before, and are not absolutely independent of one another. So, too, he might not have been so enthusiastic about the impeccability of British rule in India and the recognition of this quality by the Indians on their part (page 7), had he placed sufficient credence in the quoted opinion of one of them (page 425). At times

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the spelling of proper names is a bit antiquated (e. g. "Bengalees"), and surely it is not a fact that all the forts in the country are of "European building" (page 471).

How the new socio-religious movements in India are attracting the attention of the western world is manifest in the publication of *The Arya Samaj* (London, Longmans, Green and Company, 1915; xxvi, 305 pp.) devoted to a detailed consideration of one of them, and doubtless the most important one. The author, Lala Lajpat Rai, himself a member of the sect, outlines the life of the founder, Dayananda Saraswati, and provides an illuminating description of the aims, doctrines and activities of the quarter of a million adherents of what might be termed a blend of Hindu Protestantism and Puritanism with certain social, educational and philanthropic ideals of the present age. As Professor Sidney Webb in his introduction remarks, the valuable work of enlightenment which the Arya Samaj is doing for the people of northern India has perplexed the average unimaginative and "unspiritual" British official who cannot understand "what it is that these people are after." The author, accordingly, seeks to refute any suspicion that the movement is designed to subvert the existing political régime. On the contrary, its purpose, he declares, is to revive the spiritual freedom, the mental fertility and the power of accomplishment which distinguished the India of long ago. These traits, of course, will have to be modified and applied in a manner befitting the concepts of a people who have consciously a message to give and a service to render to humanity at large.

Contrary to the received opinion of the Occident, *The Fundamental Unity of India* (New York, Longmans, Green and Company, 1914; xx, 140 pp.), by Radhakumud Mookerji, shows from Hindu sources that the territorial keystone of British power in Asia has an essential solidarity quite its own and equally antedating the cohesive properties of the Pax Britannica. The author stresses the existence of a latent consciousness of nationality which has geography as its effective basis. In his consideration of the subject, however, he subordinates any treatment of the physical factors themselves to an analysis of the various concepts of the peninsula as a fatherland which have been handed down from the thought of ancient times. As a brief interpretation of India to the Indians themselves the little book fulfils also a mission of helping to create a historical school native to the soil.

H. Fielding-Hall, author of *The Passing of Empire* (Boston, Houghton Mifflin Company, 1914; viii, 307 pp.), is a representative of that comparatively small school of English writers who allow their sympathy

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for India to lead them to a depiction of less than the whole truth and occasionally even to dissolve into vague moralization. The present work is an example of the latter tendency. Put forth as "an attempt at a beginning" to make the British understand the peoples of that great dominion overseas, it reviews British administration in a manner none too flattering. If the mother country is, as the author asserts, bereft of representation, "except of the wirepullers of the party," altogether lacking in education, encumbered by a legal system "bad beyond all expression," and has "under free forms less real freedom than most other countries" (page 305), the prospects of "the passing of empire" are threatening indeed. For a real India to arise, in any case, both Britons and Indians need marked improvement. As to the likelihood of its advent, the reader is left to muse in the closing paragraph: "Will it come to pass? Who knows? We can only do our best—all of us."

The *Juris et Judicii Fecialis, Sive, Juris inter Gentes, et Quaestionum de Eodem Explicatio* (Carnegie Institution of Washington, 1911; two volumes; xvi, 204; xvii, 186 pp.), by Richard Zouche, is the first work in a series of so-called "Classics of International Law," the publication of which, under the general editorship of James Brown Scott, was some years ago undertaken by the Carnegie Institution of Washington. The present volumes, which are edited by Professor Thomas Erskine Holland, appeared in 1911; the original work in 1650. Of the author, who was once Regius Professor of Civil Law in the University of Oxford, Professor Holland, who has held the chair of international law in the same institution, contributes a brief biographical sketch. Then follows a photographic reproduction of the original work. The second volume contains an English translation of the original Latin text by J. L. Brierly.

The second work in the series is *De Jure et Officiis Bellicis et Disciplina Militari (1582)* (Baltimore, The Lord Baltimore Press, 1912; two volumes; xxvii, 227; ix, 250 pp.), by Balthazar Ayala. This work was edited by the late Professor Westlake. The original work comprised three books, all of which are photographically reproduced in the first volume, giving it a very substantial appearance. The first book fills 91 pages; the second, 78; the third, 65. Professor Westlake remarks, in an introductory note, that "the second and third books contain little or nothing that belongs to international law," Ayala's object in them seeming to have been "to bring together all the maxims of policy or prudence which he could find relating to war, whether apprehended, being waged, or leaving questions behind it—

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whether again such maxims were generally accepted or were debated." The second volume contains an English translation of the original Latin text by John Pawley Bate, reader of Roman and International Law in the Inns of Court, London.

The difficulty, so often encountered by students of taxation, that the name of a tax is not an index of its real character is the theme of Bruno Moll's *Zur Geschichte der Vermögenssteuern* (Leipzig, Duncker and Humblot, 1912; 100 pp.) It asks: What is really meant by the term "*Vermögenssteuer*"? To the modern German, says the author, it means the supplementary tax levied on property in Prussia, Saxony and elsewhere, with a view to compelling funded incomes to pay more taxes under the income tax than do other incomes. Clearly this is, in spirit, a part of the income tax. Yet the term property tax, as the nearest possible translation of *Vermögenssteuer*, implies the opposite of an income tax. The difficulty is not at all uncommon. There were, for example, in the Philippines, prior to the American occupation, a series of taxes, each of which was, seen by itself, most concrete and objective, but all of them considered together had the effect of a cunningly devised income tax. For our author's problem there is an advantage that the German term has the root *mögen* with its implication of ability, might, power; and, although in its modern use *Vermögen* has almost as objective a meaning as our word property, its root suggests its origin as the English equivalent does not. There is probably no doubt that there was the same underlying thought in the beginnings of every property tax. One's belongings were counted up in order to arrive at a measure of one's power. It is on that account hard to determine when a property tax breaks down into an income tax or crystallizes into a *real* (*res*) tax. The interesting thing is that Professor Moll had made use of the rich material accumulated in the many studies of taxation in the Middle Ages in different parts of Germanic Europe to find out what the original idea was. Thus he begins with the *beden* in the Lowlands and takes up the German cities in the Middle Ages, that is, down to the close of the fourteenth century. Professor Moll shows by a multitude of illustrations that "a commonly accepted property tax idea, which excludes every element of an income tax, is not to be found, unless by a fanciful interpretation." Thus once more it has been demonstrated that the Teutonic peoples had an instinct for taxation according to ability.

The Practical Work of a Bank (New York, The Bankers Publishing Company, 1915; vii, 621 pp.), by William H. Kniffin, jr., vice-president of the First National Bank of Jamaica, Long Island, is in-

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comparably the best book on the subject of practical banking that has appeared since Bolles wrote his justly famous treatise. In the interim since Bolles's book appeared, tremendous changes have been made in banking methods in America. Writers here and there have attempted to set forth the new methods of banking, but, while their books have exhibited many admirable qualities, they have almost uniformly failed to give that completeness and breadth of descriptive detail which is absolutely essential to a thorough understanding of a subject so involved as that of banking. Mr. Kniffin, however, has apparently realized that a book which is essentially descriptive must be elaborately descriptive if it is to be a good book. He has done his work thoroughly and with patience, and has happily included in it duplicates of the numerous forms, books of account etc. which are so important an adjunct of the bank's daily routine.

Scientific Management, edited by Clarence Bertrand Thompson, (Cambridge, Harvard University Press, 1914; xii, 878 pp.), contains thirty-seven articles upon the subject of scientific management, together with an admirable bibliography of some fifteen pages with books and articles classified according to the particular phases of the subject with which they deal. As a large proportion of the writing on this subject that is of value has appeared in scientific publications and in the trade and technical papers, it is often not easily accessible. The book is therefore of importance as placing in the hands of the reader in collected form some of the best of this writing.

In his new book called *Voting Trusts* (New York, The Macmillan Company, 1915; 226 pp.), Mr. Harry A. Cushing, of the New York Bar, provides a much-needed treatment of that device which has proven so useful in the checkered career of American corporations. The significance, the contents and the law of voting trusts are the three heads under which he arranges his material. Nearly a hundred pages of documents and forms are supplied to illustrate the text.

In *The Longshoreman* (New York, Survey Associates, Inc., 1915; xx, 287 pp.) Mr. Charles B. Barnes, director of The New York State Public Employment Bureau, presents a masterly study of a laboring group which affords a most striking illustration of the evils which result from irregularity of employment. For the irregularity of the employment of the longshoreman is not seasonal, but daily, even hourly. They wait about for a ship to dock, knowing they will not be hired unless they are on hand when the ship comes in, but having no certainty that they will then be taken on, or that they will not be knocked off at any moment after their work has begun. The precariousness of their

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calling is set forth in full detail by Mr. Barnes in chapter v on "Methods of Hiring and Irregularity of the Employment." This is followed by chapters dealing with wages and earnings, the rules of the trade, the history of strikes and of the organizations formed by the men. The investigation is concerned chiefly with the port of New York, but in the appendices are accounts of the situation in Boston, London, Liverpool and Hamburg, and of English and German legislation seeking to ameliorate the evils inhering in the work of the longshoreman. The Liverpool scheme for decasualization set forth in appendix c is commended as the best in operation. Hamburg has done the most in reducing the physical risks incident to the occupation, in promoting efficient methods of work and in providing for compensation for accidents. The author's recommendations for legislation in the United States follow the lines which have already proven themselves practicable and serviceable in Liverpool and Hamburg. The impotence of the longshoremen in the United States to improve their condition is clearly apparent from the author's accounts of the failures that have attended their efforts. His conclusions in favor of the imperative need of legislation are enforced by facts and arguments beyond dispute or contradiction.

The war had been going on for ten months before the British government created the Department of Munitions. It was soon discovered that the Defence of the Realm Acts, far-reaching and comprehensive as these laws are, only permitted the government to use private factories for national work, and that further legislation, drastic in character, was needed to bring the whole direction and distribution of munitions work under one control in order to ensure continuous work and large production. The Munitions of War Act was accordingly passed in July, 1915—two weeks after the new department had been created—and after seven months' working of this law it was supplemented by an amending and extending act, which received the royal assent on the 27th of January, 1916. Under the provisions of these two war-time measures, thousands of industrial plants of various kinds are now controlled establishments; and in them many trade-union rules, practices and customs are now suspended to admit of the free and unrestricted use of unskilled labor, male and female, in order to ensure the largest possible output of munitions. The individual liberty of an immense army of workers has, moreover, been greatly curtailed by these laws; and manufacturers and work people in these days of the war are living and working under conditions without precedent in the history of England or of any other English-speaking country. A

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handbook of this legislation, and of the methods by which it is being enforced, was necessary to its understanding by employers and workmen, by trade-unions officials, and by students of war-time industrial conditions in Great Britain. Mr. T. A. Fyfe's *Employers and Workmen under the Munitions of War Acts, 1915–1916* (Edinburgh, William Hodge and Company, 1916; 95 pp.) admirably meets this need. Both the acts are reprinted, and are given in such a form as to make references from one act to the other unnecessary. But the value of Mr. Fyfe's handbook lies in his introduction. It extends to 32 pages, and makes the legislation easily comprehensible to a layman; for it was written after considerable experience as chairman of a munitions tribunal at Glasgow, one of the largest munitions areas in the United Kingdom.

In *Readings on the Relation of Government to Property and Industry* (Boston, Ginn and Company, 1915; viii, 664 pp.), Professor Samuel P. Orth has compiled under appropriate headings a collection of previously published articles by various authors dealing with legislative restrictions on the ownership and use of property and with the judicial application of constitutional limitations on such legislative action. The volume is a study of what the legislatures of the states and of the nation can or can not do to fetter individuals in their enjoyment of the rights and privileges conferred by the common law or by statute. It deals only with the restrictive side of the relation of government to property and industry. The extent to which the acquisition and protection of property is dependent upon and aided by the law is not considered. Among the subjects treated are the changing conceptions of property and the functions of government, the response of legislatures and courts to the newer demands, the police power, the control of corporations, the powers of administrative boards, labor legislation, and federal control of commerce and industry. The omission of any consideration of the taxing power seems unfortunate, in view of the increasing importance of this weapon of governmental control. The volume is designed for college classes, but it performs a wider service in rescuing from the comparative oblivion of technical journals valuable discussions of public questions which should be read by every one seeking to form an intelligent opinion on present-day political issues.

"Empire Builder" is appropriately included in the title of Mr. Lawrence J. Burpee's *Sandford Fleming: Empire Builder* (Oxford, The University Press, 1915; 288 pp.), for few men in Canada who were not prominent in Dominion politics left more monuments to their work and usefulness than Fleming. He was born in Fifeshire, trained as a sur-

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veyor in Scotland, and at the age of eighteen emigrated to Ontario. From 1852 to 1880 he was the foremost railway engineer in Canada. He was engineer for the construction of the Northern Railway, now a link in the Grand Trunk system, that connects Toronto and Collingwood; from 1863 to 1876 he was in charge of the surveys and construction of the Intercolonial Railway—the railway owned and operated by the Dominion government that connects the maritime provinces with Montreal; and during part of this period, and until 1880, he was in charge of the surveys for the Canadian Pacific Railway. Fleming was also the moving spirit in securing the construction of the imperial cable that now connects Australia and New Zealand with Vancouver, and it was through his instrumentality that a tower was erected at Halifax to commemorate the one hundred and fiftieth anniversary of the meeting of the first legislative assembly of Nova Scotia in 1758. He was the founder of the Royal Canadian Institute; and from 1880 until his death in 1915 he was chancellor of Queen's University, Kingston. For half a century Fleming wrote with frequency on railway, postal, cable, ocean transport and imperial questions; and in the bibliography which Mr. Burpee has compiled there are no fewer than 135 entries. A life full of activities like these, and moreover a life of obvious achievement, that was so long in touch with pioneer conditions in Canada, afforded an exceptional opportunity for a biographer. Mr. Burpee has made the most of his opportunity, and has added to the growing library of Canadian biography a volume of unusual interest, especially as regards railway policy and railway construction in Canada in the last decade of the era of the United Provinces and in the first quarter of a century after Confederation.

Mr. Charles E. Washburn's *Theodore Roosevelt: The Logic of His Career* (Boston, Houghton Mifflin Company, 1916; 245 pp.) presents an account of the more important facts in the life of Mr. Roosevelt and a consideration of his convictions on public questions. The point of view is appreciative, but temperate. The most valuable parts of the book are those which trace Mr. Roosevelt's attitude towards the interests of the laboring class and show the influences which led to his advocacy of the recall of judicial decisions. While Mr. Washburn is not particularly acute in his analysis of Mr. Roosevelt's characteristics and viewpoints, he has presented a good outline sketch of his activities and opinions, unmarred by the excessive laudation or the indiscriminate abuse which has characterized so much of the writing on the subject.

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